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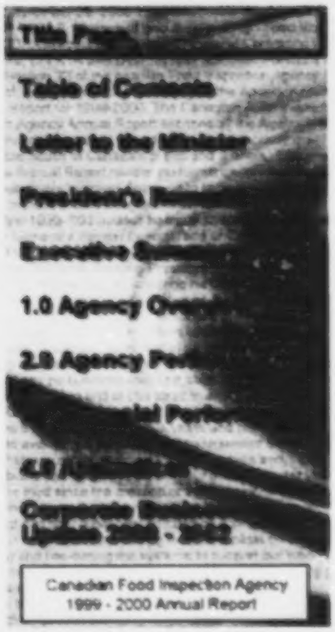
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Canadian Food Inspection Agency
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Canadian Food Inspection Agency
1999 - 2000 ANNUAL REPORT

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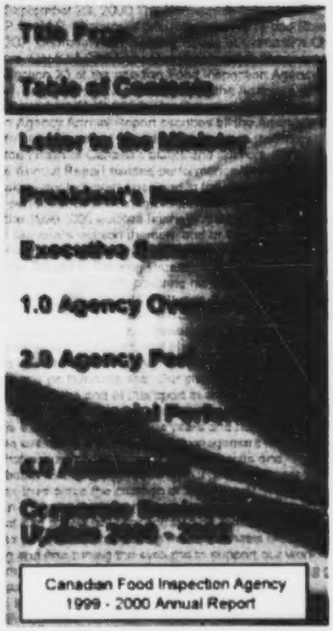
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This is an electronic version of the annual report that was tabled in Parliament pursuant to Section 23 of the *Canadian Food Inspection Agency Act*. The version tabled in Parliament is the official version.

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September 29, 2000

The Honourable Lyle Vanclief, P.C., M.P.
Minister of Agriculture and Agri-Food
Room 207, Confederation Building
House of Commons
Ottawa, ON K1A 0A6

Dear Minister Vanclief:

Pursuant to Section 23 of the *Canadian Food Inspection Agency Act*, I am pleased to present to you the Agency's Annual Report for 1999-2000.

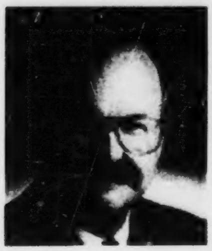
The Canadian Food Inspection Agency Annual Report describes all the Agency's activities carried out to protect Canadian consumers and the health of Canada's plants and animals. This year's Annual Report provides performance information organized along our business lines and in the context of the CFIA performance management framework. It also includes the 1999-2000 audited financial statements, the Auditor General's opinion thereon, and our Corporate Business Plan Update for the years 2000 to 2002.

Yours sincerely,

Ronald L. Doering
President

Canada

President's Remarks



This Annual Report, covering the Canadian Food Inspection Agency's (CFIA) activities for the period April 1, 1999 to March 31, 2000, describes the Agency's accomplishments along our three principal business lines – food safety, animal health, and plant protection. Also included is a section on Agency-wide accomplishments not specific to any one business line. Our plans for the next two years are at the end of this report in an Appendix entitled Corporate Business Plan Update.

Reporting along business lines is a change from previous years and reflects our commitment to developing a performance management framework that accurately and clearly reflects results and, ultimately, better assists us in reaching our goals.

This past year, our third since the creation of the Agency, was significant in that it marked our movement from an organization that had previously concentrated on organizational development, to one that is now putting more emphasis on developing and fine-tuning the systems to support our work.

In the midst of this evolution, and in the face of increasing global challenges and a more complex food safety environment, I am pleased to report that we have continued to effectively protect Canadian consumers. We increased our surveillance on sectors, particular producers, processors and suppliers that caused us concern and we did not hesitate to use our considerable powers, including criminal prosecution, whenever appropriate.

On those occasions when there were food emergencies, we acted quickly, decisively and in cooperation with our partners to effectively manage situations.

Throughout the reporting period, we also strengthened the entire inspection system by increasing the Agency's scientific capabilities and developing stronger and more productive partnerships with the private sector, non-governmental organizations, federal government departments and provincial/territorial governments.

In addition to our activities in the area of food safety, we have continued to safeguard Canada's animal and plant resource base — its crops, forests, livestock and fish — from the devastation wrought by pests and disease. Thanks to our successes in these areas, and in meeting the formidable challenges presented by increased international trade, Canada continues to benefit from a worldwide reputation for producing safe and high quality animal and plant products.

In the final analysis, however, our accomplishments must be attributed to our highly qualified and dedicated employees. During this past year, we have taken steps to ensure that they remain with us, that they continue to grow professionally and that the best new entrants to the work force view CFIA as an employer of choice.

In conclusion, our current direction is showing positive results. Canadians continue to benefit from one of the best food inspection and quarantine systems in the world.

Ronald L. Doering
President

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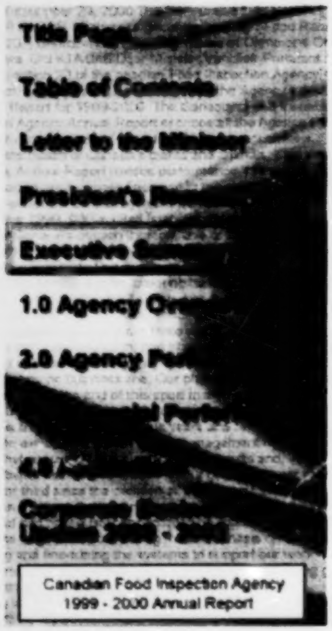

Canadian Food Inspection Agency
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EXECUTIVE SUMMARY

In 1999-2000, the Canadian Food Inspection Agency (CFIA) entered its third year of operation. The Agency continued to serve Canadians by carrying out its important and far-reaching mandate in the areas of food safety, fair labelling practices, animal health and plant protection. CFIA is Canada's largest science-based regulator.

The Agency's work safeguarding and promoting a safe food supply involves much more than simply inspecting food products and the premises where they are produced. The food supply system extends from inputs, such as seed and fertilizer, through crops and livestock, to the food products at the retail level.

The Agency's activities in the areas of animal health and plant protection provide essential services to Canadians. The potential for damage by diseases or pests to Canada's forests, crops, livestock, and fish is always present. Failure to safeguard these resources could have serious consequences for Canadian consumers and producers, the economy as a whole and in some cases, the health of the Canadian public.

This report is guided by the Agency's cyclical reporting schedule and highlights performance information in the following areas:

Food Safety

Food safety is the first priority of the Agency. Our staff inspected federally registered food establishments and found high levels of compliance with our regulations for processed products, maple and honey. The results of our inspections of these food products were equally assuring. Moreover, our meat inspection efforts showed that condemnation rates for red meat and poultry and the rejection rate for imported meat remained relatively low. In instances where food recalls were necessary, we acted promptly and effectively.

Progress was achieved in our three Hazard Analysis Critical Control Point (HACCP) food safety programs. Agency staff continued to approve industry Food Safety Enhancement Program (FSEP) plans, pilot projects in the poultry industry increased, and all federally registered fish processing plants developed and implemented Quality Management Program (QMP) plans. We also expanded food safety educational programs and continued our participation with the Canadian Partnership for Consumer Food Safety Education.

Animal Health

CFIA has kept Canada free of transmissible diseases that are considered to be the most serious in terms of public health and socio-economic consequences. For example, Canada remains free of tuberculosis, brucellosis and bovine spongiform encephalopathy (BSE). Through our detection and eradication activities, we have controlled and limited the spread of animal diseases found in Canada such as scrapie, chronic wasting disease (CWD) and rabies. We contributed to both human and animal health through our feed program. Due to concerns about BSE or "Mad Cow disease", all rendering plants that produce feed were inspected and found to be compliant with our regulations.

Plant Protection

We continued to provide third-party regulatory oversight of the Canadian Seed Institute. CFIA testing of seed imports showed a high rate of compliance and samples obtained from our marketplace monitoring activities over three years indicated that 95 percent of pedigreed seed and 84 percent of non-pedigreed seed met minimum standards.

We sampled fertilizer in order to contribute to their safety for users, the environment and consumers of agri-food as well as their efficacy and accuracy of claims. We continued to process research notifications, inquiries and requests for product registration, label reviews, and efficacy and safety data reviews.

Our People

We concentrated our human resource efforts in the areas of retention, recruitment and continuous learning. The Agency made progress on the five Human Resource (HR) challenges identified in CFIA's 1997-2000 HR Strategy. The Agency's HR Strategy helped guide the organization as it identified its development needs, adopted its values-based decision-making foundation and designed and implemented customized policies, programs, systems and services.

Serving Canadians into the New Century

The Agency continued its work on a number of other important and emerging fronts. The CFIA's Office of Biotechnology was created to provide a focal point for biotechnology policy related to the regulation of agricultural products. CFIA also continued to undertake initiatives to protect the environment and promote sustainable development.

CFIA was active in research and technology development on diseases and pests of animals, fish and plants, including improved testing and analytical methods to ensure that Canadian foods and other commodities meet international standards for health and safety. In addition, the Agency made progress in cooperating and partnering with other jurisdictions and supporting Canada's priorities on the international front.

We were successful in responding to the Y2K challenge and are poised and working to serve Canadians into the next century.

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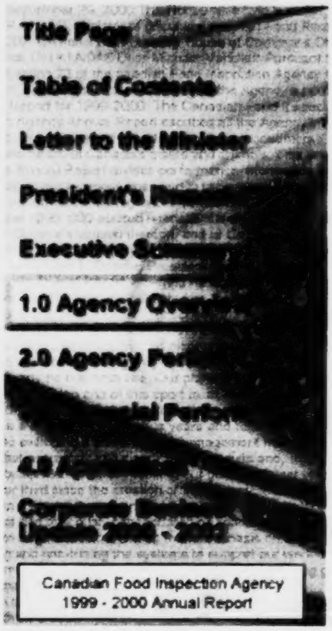


**Canadian Food Inspection Agency
1999 - 2000 Annual Report**

1.0 AGENCY OVERVIEW

The Canadian Food Inspection Agency (CFIA) was created in 1997 to consolidate the delivery of all federally mandated food inspection, plant protection and animal health programs — delivery that was previously provided by four federal government departments: Agriculture and Agri-Food Canada, Fisheries and Oceans Canada, Health Canada and Industry Canada.

1.1 Our Legislative Mandate

The Canadian Food Inspection Agency, reporting to the Minister of Agriculture and Agri-Food, delivers all federal inspection services related to

- food;
- animal health; and
- plant protection.

This includes responsibility for the administration and enforcement of 13 Acts and 32 sets of regulations.

Health Canada, reporting to the Minister of Health, establishes policies and standards relating to the safety and nutritional quality of food sold in Canada. In addition, Health Canada assesses the effectiveness of CFIA's activities related to food safety.

The information provided in this document refers only to those responsibilities that fall under CFIA jurisdiction.

CFIA's Legislative Authority

- *Agriculture and Agri-Food Administrative Monetary Penalties Act*
- *Canada Agricultural Products Act*
- *Canadian Food Inspection Agency Act*

- *Feeds Act*
- *Fertilizers Act*
- *Fish Inspection Act*
- *Food and Drugs Act,* as it relates to food
- *Health of Animals Act*
- *Meat Inspection Act*
- *Plant Breeders' Rights Act*
- *Plant Protection Act*
- *Seeds Act*
- *Consumer Packaging and Labelling Act*, as it relates to food

1.2 What We Do and How We Do It

The Agency manages 14 distinct programs. These programs involve all types of foods including agricultural and aquatic commodities; agricultural inputs, such as feeds, seeds and fertilizers; plant protection; and animal health.

The focus of the food inspection programs is to verify that manufacturers, importers, distributors and producers regulated by CFIA meet federal standards for: safety; quality; quantity; composition; handling; identity; processing; packaging and labelling.

CFIA also certifies that exported food meets foreign country requirements where there are reciprocal inspection/certification agreements with other countries.

The animal health and plant protection programs contribute to the protection of Canada's animal and plant resource base — our crops, forests, livestock and fish — against the introduction and spread of regulated pests and diseases of significance to human health, the environment and the economy. The humane transportation of animals is also regulated by CFIA.

CFIA Programs

Food Programs: Dairy, Egg, Fish, Meat Hygiene, Honey, Fresh Fruit and Vegetables, Fair Labelling Practices, Food Safety and Investigation, Processed Products

Animal Health Programs: Animal Health, Feed

Plant Protection Programs: Plant Protection, Seed, Fertilizer

1.3 Who We Are

CFIA's services are provided by approximately 4,400 people working across Canada. CFIA's staff includes veterinarians, agronomists, biologists, chemists, support staff, computer systems specialists, financial officers, communications experts, research scientists, laboratory technicians, and some 1,800 highly trained front-line inspectors.

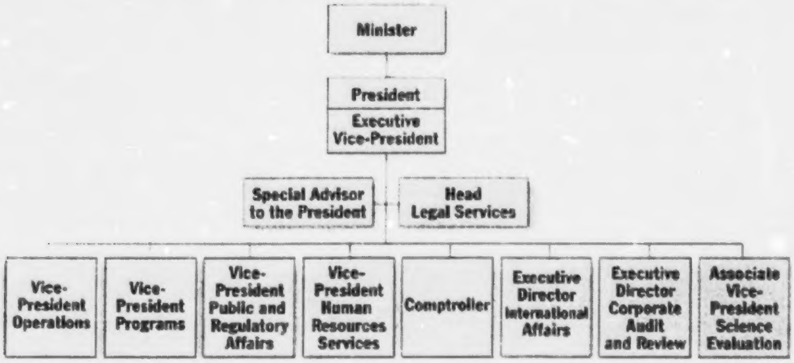
Delivery of CFIA's mandate requires the expertise and support of other federal departments, provincial/territorial/municipal governments, producers, industry, distributors, retailers, and consumers.

1.4 Organization

CFIA's headquarters is in the National Capital Region. The Agency manages the delivery of its mandate through four operational areas – which collectively cover the entire country. Reporting to the area offices are 18 regional offices, 185 field offices, and hundreds of offices in non-government establishments (i.e., processing facilities). CFIA also has 22 laboratories and research facilities across the country.

CFIA is led by a President who reports to the Minister of Agriculture and Agri-Food.

Canadian Food Inspection Agency Organizational Structure


Minister
President
Executive Vice-President
Special Advisor to the President
Head Legal Services
Vice-President Operations
Vice-President Programs
Vice-President Public and Regulatory Affairs
Vice-President Human Resources Services
Comptroller
Executive Director International Affairs
Executive Director Corporate Audit and Review
Associate Vice-President Science Evaluation

What Our People Do

Nancy Kummen, Agricultural Officer
Canadian Food Inspection Agency
Vancouver, BC

"I didn't know, growing up on the Prairies, that ships were being inspected by Canadian government people to make sure our export grain is the cleanest in the world," says Nancy Kummen, an Agricultural Officer with the Canadian Food Inspection Agency.

After receiving a Bachelor's degree in agriculture and a Master's degree, and after working for a provincial government, Ms. Kummen learned that federal employees inspect ships for controlled insects and debris from previous loads that could contain pests.

"That's one part of our job. Ship inspection is the priority because, if ships don't have our approval, they don't go." Ms. Kummen points out that grain exports are important to the people of Canada.

"We work on weekends, statutory holidays, every day but Christmas. There would be no other way we could pass over 700 ships a year. It doesn't matter if it's 3:00 in the morning, we have to be there to clear it, because they can't start loading until we see it."

For ships meant to carry grain, the inspectors supervised by Ms. Kummen look for residues of previous cargoes such as copper concentrates, lead and old corn. If an inspector finds insects, the ship has to be fumigated and cleaned. The team checks wood packing materials from China and Hong Kong for the presence of the Asian Long Horn beetle, which is a risk to hardwoods and to the maple syrup industry. They also check any ship that has been to Siberia during the summer months for the presence of the Asian Gypsy Moth. Ms. Kummen emphasizes that people skills are very important in this work. "If the stevedores have been hired to start loading and you're saying, 'No, no, no. I'm not passing that ship,' thousands of dollars in wages are being paid out to people to not do their jobs.

"The hours on the ship are long, and sometimes the weather can be bad. Language differences are common. It can be frustrating and tiring but, even if you're at the end of your rope, you've still got to be cool."

Ms. Kummen has been working for Agriculture Canada (part of which is now with CFIA) since 1991. "I really love my job," she says. "People are happy with our staff and what we do here, particularly with the grain exports. They see us as non-biased government people, which doesn't happen in every country."

Adapted with permission from "A Day in the Life of the Public Service of Canada," Ottawa, The Leadership Network, Vol. 2, No. 1 (June 1999).

1.5 Societal Context

There are several factors — both internal and external to the Agency — that will continue to influence CFIA's strategic direction for the next several years.

Government Commitments

In the recent Speech from the Throne, the Government of Canada put forth a plan aimed at enhancing the quality of life for all Canadians. Of particular significance for the CFIA were the Government's commitments to:

- improve Canada's food safety system;
- pursue arrangements with provinces, territories and the private sector;
- participate in international fora to help build a more transparent, rules-based global trading system;
- attract and retain researchers;
- implement government-wide human resource strategies; and,
- implement environmentally sustainable strategies.

"The Government will protect the health of Canadians by strengthening Canada's food safety program..."

Speech from the Throne, 1999

Public Perceptions and Expectations

Canadian consumers are asking for more and better information about food safety and nutritional issues. Recent polling* indicates that Canadians consider food safety the most important food issue, followed by nutrition and quality. Increased public and media attention to these issues has been reinforced by several high-profile events in recent years including cases in the United States, Britain and Belgium—the "Jack-in-the-Box", "Mad Cow Disease" and dioxin issues, respectively.

Canadians expect the federal government's science programs to be "world-class", with policies and interventions that are based on high-quality information and science.

The public has told us that they recognize that food safety is not solely a government responsibility — consumers and industry also have a role in preventing bacterial food-borne illness. However, with respect to the government's role, Canadians expect accountability and openness, as well as effective and efficient service delivery.

Changing Marketplace and Food Industry

A greater variety and volume of retail manufactured foods are being introduced to the marketplace. Retailers increasingly offer ready-to-eat meals such as pasta, soup, pastry, sandwiches and rotisserie. Food is being sold in stores not traditionally associated with food selling — drug stores, department stores and warehouse clubs.

Food imports will continue to increase substantially. This presents a challenge in that incidents related to these foods can be difficult to trace back and may require considerable time to investigate.

New food products — herbal and botanical products, ethnic foods, sports and nutrition drinks, foods from products of biotechnology, organic foods and nutriceuticals — will increasingly enter the Canadian marketplace. Health Canada sets policies and standards for these products. CFIA will be required to develop new inspection methods and staff training programs to meet new regulatory requirements.

Pressures on the Food Safety System

The number of food emergencies requiring CFIA response has increased significantly in recent years. Since 1996–1997, food recalls have increased by 80 percent — with this year being the first moderate year-over-year decrease (five percent). The overall increase can be attributed to an increased number of CFIA investigations, more reported allergies and emerging pathogens, improved surveillance systems, greater consumer awareness, improved detection methodologies, more stringent Health Canada guidelines, and increasing food imports, particularly from non-traditional sources. More complex and varied food production and distribution channels have have also elevated the potential for food safety incidents. Changing consumption habits have exposed Canadians to new food products, and in turn, to new food safety risks.

International Regulatory Control of Food, Plants and Animals

International standard-setting bodies are developing new, more stringent standards to verify the safety of food and agricultural inputs. Increasing trade liberalization exposes Canadians to new food products and greater risks. The establishment of "disease-free zones," — areas without serious diseases — is being promoted by international organizations and will further liberalize international movement of food, plants and animals. In the face of this, CFIA must continue to protect important Canadian resources — Canada's food supply system, its animals, crops and forests — through measures that enhance food safety and maintain a healthy animal and plant population. In addition, the Agency must continue to influence international inspection standards by being an active participant in international standard-setting bodies.

Technological Advances

Biotechnology is an increasingly important and challenging issue for the Agency. Public concern both at home and abroad regarding biotechnology products will continue to place increasing pressures on CFIA. The challenge will be to safely use this technology while ensuring that regulatory requirements are sufficiently stringent and strictly and consistently enforced to protect all Canadians.

Other examples of significant technological advances that present challenges include high-speed lines in meat plants, irradiation, and improved communications and information-exchange capabilities. There will continue to be significant opportunities to share information with partners, stakeholders and the public, especially by capitalizing on modern technologies including the Internet. The Agency's Government On-Line initiative will give the public greater access to more rapidly transmitted information about food safety and nutritional issues.

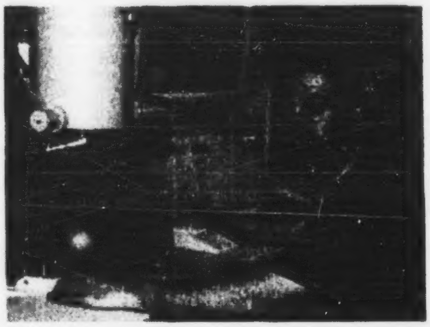
Collaborative efforts

At the present time, many levels of government are involved in food safety, plant protection and animal health. This has resulted in inefficiencies due to overlap and duplication. The Federal Government has directed all federal departments and agencies to work towards increased collaboration between various levels of government as a means to optimize resources and improve efficiency and effectiveness. Collaboration and partnerships between the federal government, producers, industry and consumers will also continue to increase.

What Our People Do

Tim Booth and Yves Robinson,
Research Scientists
Canadian Food Inspection Agency
Winnipeg, MB

Dr. Yves Robinson



Dr. Tim Booth

The submarine door swings into place and is sealed shut. But no dive klaxon sounds. This is not a warship. The hatch is the entry to a closet-sized airlock lined with epoxy resin. It is part of the bio-containment mechanism surrounding the most secure biological laboratory in Canada. Entering a code into the keypad releases the magnetic latches permitting another shiny steel door to open, giving access to the workplace of Dr. Yves Robinson and Dr. Tim Booth at the National Centre for Foreign Animal Disease. They have no fear about working in this environment, despite the fact that it contains highly infectious diseases.

Dr. Booth says, "I go to parties and people say, 'Isn't what you do risky?' I actually feel safer in here than I do out on the street."

The laboratory air is cleansed by an entire floor of filters. Every object that leaves the lab must be made sterile. Even water and sewage are sterilized before being expelled.

The new Winnipeg laboratory is crucial to keeping Canadians safe. Nowhere else in the world has a facility been designed for both human and animal diseases. Collaboration with Health Canada's scientists is a great advantage for tackling diseases that may affect both humans and animals, or that could be transmitted in food.

There are scientific tools contained in these biologically sealed rooms that are among the most advanced of any similar lab in the world. That is important to Dr. Robinson, who is doing research on prion diseases. "With these facilities we can do work that would not be possible anywhere else. That is the main reason I am here."

Reproduced from "A Day in the Life of the Public Service of Canada," Ottawa, The Leadership

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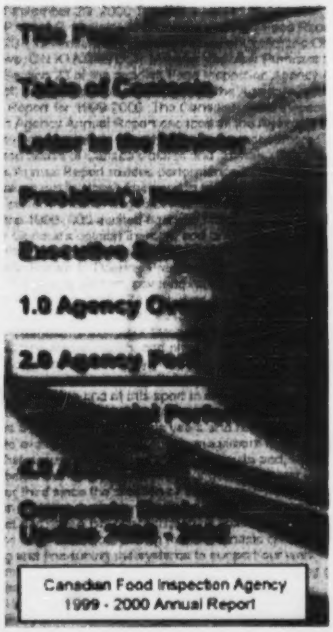

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2.0 AGENCY PERFORMANCE

2.1 Introduction

During 1999-2000, CFIA made steady progress towards improving its overall performance in an increasingly complex and challenging global environment for food safety and animal and plant health.

Safeguarding and promoting safe food involves much more than simply inspecting food products and the premises where they are produced. The food system extends from inputs, such as seed and fertilizer, through crops and livestock, to the food products that fill our shopping carts. The Agency is mandated to regulate several stages of this food continuum with an increasing number of new and diverse inputs and products from around the world.

The Agency's activities in the areas of animal health and plant protection provide essential services to Canadians. The potential for damage by diseases or pests to Canada's forests, crops, livestock, and fish is always present. Failure to safeguard these resources could have serious consequences for Canadian consumers and producers, the economy as a whole and in some cases, the health of the Canadian public.

However, it must be noted that the Agency does not have sole responsibility in these areas. The primary responsibility for meeting federal standards and requirements rests with producers, processors and suppliers. While it is our responsibility to inspect and enforce compliance with federal regulations, we work increasingly with these groups to take preventative measures to reduce food safety risks.

Developing Performance Management

In the past year, the Agency has taken significant steps to redefine the framework underlying our performance reporting to Parliament and the public. We have rethought our business line structure and redesigned our corporate level performance management framework, employing a rigorous and disciplined methodology. We are confident that these improvements provide a strong foundation upon which we can continue to develop performance management and reporting.

The proposed business line structure corresponds with the Agency's key results commitments to Canadians and is presently under review by the Treasury Board Secretariat of Canada. The redesigned performance management framework contains the measurement strategies for the Chart of Key Results Commitments (CKRC). We are continuing our efforts in performance management by cascading the corporate model down to the program level. Two studies are presently underway in the Meat Hygiene Program and the Fish Program.

Our successful response to the Y2K challenge led to the replacement of 117 information systems with 17 integrated systems. These systems will require considerable enhancement over the next several years to ensure maximum benefit. The development of these systems will support the Agency's work in the area of performance reporting.

Structure of Performance Section

The Agency has articulated three key commitments to Canadians:

- Food Safety;
- Animal Health; and
- Plant Protection.

Within each area, we report on the Agency's programs and key initiatives. These programs and initiatives are linked to the Agency's objectives as demonstrated in Appendix 1. As a result of our cyclical reporting schedule, not all programs are reported on an annual basis (see the schedule in Appendix 2). In addition, a breakdown of full-time equivalents and expenditures for all Agency programs can be found in Appendix 3 for 1998–1999 and Appendix 4 for 1999-2000.

The report includes a section on agency-wide performance accomplishments highlighting accomplishments that transcend Key Results areas. The Human Resource Management section includes performance information organized by expected result. Performance information on a number of other Agency initiatives is also included in the Consolidated Performance section. In providing the Agency's performance information, we have also provided some general contextual information about the program and the activities being reported on.

As an Agency, we are confident that the results of our important work continued to improve during this reporting period and trust that the following information will reflect this progress.

2.2 Key Results Commitments

The following chart provides the foundation for performance reporting by CFIA. The chart outlines the Agency's key results commitments to the Canadian public and provides a measurement strategy to assess the performance of the Agency in meeting these commitments.

The Agency recognizes that, within the complex environment in which we operate, many influences other than CFIA's efforts may contribute to our perfomance results. We work with domestic and foreign organizations and governments with similar goals and priorities. Producers, processors, distributors, retailers and the Canadian public can affect our performance outcomes. The Agency's expected results can be influenced by an influx of new products into Canada, exotic plant and animal pests and diseases from around the world, increased international trade, technological advances, more and new processed products, expanding venues for retailing food products and increasingly complex international regulation. In telling the Agency's story, it is important to recognize that the CFIA does not operate alone in working towards the results that Canadians expect.

Chart of Key Results Commitments

To provide Canadians with	To be demonstrated by
Safe food and fair labelling practices	• timely and appropriate response to food emergencies • industry adoption of science-based compliance practices, for example, HACCP • compliance with federal standards for food safety on domestic and imported products • enhanced consumer awareness and knowledge of food safety issues and practices • effective standards and activities to deter deceptive practices • Canadian food products meeting other governments' science-based food safety requirements and contributing to the development of jointly-agreed operational methods and procedures
Protection of the health of animals and prevention of the transmission of animal diseases to humans	• effective standards and enforcement approaches to control the entry into Canada and domestic spread of regulated animal ,diseases • effective control of the transmission of animal diseases to humans • compliance of livestock feeds with federal standards for safety, efficacy and labelling • Canadian animals and their products meeting other governments' science-based animal health requirements and contributing to the development of jointly-agreed operational methods and procedures
Protection of the plant resource base from regulated pests and diseases	• effective standards and enforcement approaches to control the entry into Canada and domestic spread of regulated plant diseases and pests • compliance of seed and fertilizer with federal standards for safety, product and process • Canadian plants and their products meeting other governments' science-based plant protection requirements and contributing to the development of jointly-agreed operational methods and procedures

2.3 Food Safety

Expected Results

- timely and appropriate response to food emergencies
- industry adoption of science-based compliance practices, for example, HACCP
- compliance with federal standards for food safety on domestic and imported products
- enhanced consumer awareness and knowledge of food safety issues and practices
- effective standards and activities to deter deceptive practices

- Canadian food products meeting other governments' science-based food safety requirements and contributing the development of jointly-agreed operational methods and procedures

Highlights of Our Accomplishments

Food safety is the first priority of the Agency. Canadians express a high level of confidence in their food supply and value the safety of the food they eat. In Canada, the CFIA has a critical role to play in the food safety system.

During the past year, we continued to improve food safety and protect Canadians from deceptive practices. We have done this in the face of significant challenges: increasing international trade, a growing number of new products, more complex products, and new technology issues, to name but a few.

We inspected federally registered food establishments and found high levels of compliance with our regulations for processed products, maple and honey. The results of our inspections of these food products were equally assuring. Compliance levels were also high. For example, domestic processed products had high compliance rates for container integrity, net quantity, standard/ composition and grade verification, and fresh fruit and vegetables were over 98 percent compliant with chemical residue standards.

The results from our meat inspections were equally encouraging. Condemnation rates for red meat and poultry and the rejection rate for imported meat remained relatively low. The rejection rate for meat that we export went down, continuing a three-year trend.

With respect to honey, we found Canadian producer-graders, packers and pasteurisers to be 99 percent compliant with federal regulations and standards for processing. We took action to address adulterated honey, thereby reducing the frequency of fraudulent practice in the honey industry.

In instances where food recalls were necessary, we acted promptly and effectively. Further, we improved our emergency response system by creating the Office of Food Safety and Recall (OFSR) to coordinate our food emergency response with internal and external partners. In cooperation with Health Canada and our provincial and territorial partners, we developed a Food-borne Illness Outbreak Response Protocol to outline roles and responsibilities in food emergency situations.

In the area of consumer food safety education, we continued our active role with the Canadian Partnership for Consumer Food Safety Education, supporting them with funding and services, expanding educational programs and, in partnership with others, produced a food-safety brochure that was sent to every household in Canada.

Progress was achieved in the three HACCP-based food safety programs. In federally registered meat plants, the Food Safety Enhancement Program (FSEP) expanded. We reviewed and approved a total of 230 industry FSEP plans completing over twice the number completed in the previous year. In poultry operations, the Modernized Poultry Inspection Program (MPIP) pilot projects are performing well and are on track, attracting applications from other processors. All federally registered fish processing plants have developed and implemented a QMP plan for their processing operations.

2.3.1 Emergency Management

In an emergency, the Agency's primary goal is to protect consumers. Risks to consumers include unsafe or hazardous levels of microbiological, extraneous material or chemical contaminants, or allergens that have not been declared on food labels. As a part of their ongoing work, Agency staff investigate consumer and trade complaints and respond to food safety enquiries. The Agency plays an important role in investigating and identifying potential food hazards and carries out laboratory testing to support food safety investigations. While it is industry's role to implement a food recall in a timely and effective manner, the Agency verifies the effectiveness of the recall. If required, the *Canadian Food Inspection Agency Act* authorizes the issuance of a mandatory recall order to individuals or companies distributing food, plant or animal products which represent a risk to Canadians.

Our emergency response teams are prepared to swing into action 24 hours a day, seven days a week.

Partnering in Food Emergency Response

Following an outbreak of 100 reported cases of food-borne illness related to E. coli 0157 in November of 1999, the CFIA, in collaboration with Health Canada and the Province of British Columbia, initiated a successful recall of a dry fermented sausage product

Last year...

CFIA managed 243 food recalls, compared to 257 in 1998–1999.

We created the Office of Food Safety and Recall (OFSR) to coordinate food emergency response with CFIA staff across Canada and external partners. Timely and effective response to food safety emergencies is the priority of the OFSR. The OFSR established a 24 hour service standard to respond to all Class One food recalls. A review of 50% of Class One recalls managed by the OFSR demonstrated that the Office was successful in meeting their timeliness service standard in 98% of the cases. Due to file distribution in the Agency it was not possible to select a random sample; however, there are not any known biases in the sample. The Office functions as the main point of contact for other jurisdictions dealing with food emergencies and is the lead CFIA office in the Agency's response to food-borne illness outbreaks.

CFIA, Health Canada and their provincial and territorial partners developed a Food-Borne Illness Outbreak Response Protocol to articulate roles and responsibilities for the coordinated federal-provincial response to human illness outbreaks attributable to food sources. Health Canada and provincial, territorial and municipal public health officials are important partners in the recall process. Further, Health Canada and the Agency renegotiated the Food Emergency Response Appendix to the Memorandum of Understanding between the two organizations, clarifying the roles of Health Canada in food safety risk assessment and the Agency in emergency response/risk management.

Information on food recalls can be found on CFIA's Web site at www.cfia-acia.agr.ca. You may have recall notices delivered directly to your e-mail account by following the subscription instructions posted on the Web site.

Summary of Recalls by Type and Fiscal Year

	1998 - 1999	% of total	1999 - 2000	% of total
Microbiological	90	35%	101	41%
Allergen	125	49%	104	43%
Extraneous material	21	8%	24	10%
Chemical contaminants	16	6%	9	4%
Other	5	2%	5	2%
Total	257	100%	243	100%

Outbreak of salmonellosis in pet treats

In 1999, the Province of Alberta, after an extensive epidemiological investigation, identified the cause of an outbreak of salmonellosis as exposure to contaminated pet treat products, including pig ears and porcine hooves. Concern about public health was high, as there is high exposure to pet treats and 47 percent of reported illnesses were children under 12 years-old. CFIA was called upon to consider whether a risk management response, involving recalls of contaminated pet treat products, could be implemented. The Agency initiated a recall of 19 contaminated pet treat products as part of the coordinated federal-provincial management of this public health risk. The Agency was successful in reducing risk by removing the suspected contaminated product from the marketplace and in communicating, through recall news releases, the risk posed to consumers by these products.

2.3.2 Implementation of HACCP-Based Systems

To enhance food safety for consumers, CFIA has promoted programs based on Hazard Analysis Critical Control Point (HACCP) principles and regulatory requirements in 2,000 registered agri-food establishments and approximately 1,000 registered fish processing establishments in Canada. HACCP procedures reduce food safety hazards by preventing their occurence during the production process. HACCP is internationally recognized as an effective means for industry to enhance food safety and is increasingly required for export of agri-food products or by domestic buyers.

CFIA provides support through designating and recognizing HACCP systems and verifying compliance with HACCP requirements. Implementation of HACCP is the responsibilty of industry. HACCP programs are mandatory in federally registered fish processing plants and the CFIA is moving towards mandatory HACCP systems in federally registered meat and poultry establishments.

CFIA supports three programs based on HACCP principles: the Food Safety Enhancement Program (FSEP); the Modernized Poultry Inspection Program (MPIP); and the Quality Management Program (QMP).

Food Safety Enhancement Program

Our staff...

- worked with industry by providing guidelines and advice in developing FSEP plans and reviewed agri-food industry-designed food safety programs and, when satisfied that they were complete and effective, officially recognized them as HACCP establishments. As of March 31, 2000, CFIA reviewed and approved 230 FSEP plans from agri-food establishments representing a sizable increase over last year. CFIA resources are focussed on reviewing FSEP plans in higher risk meat processing establishments. Over 25 percent of federally registered meat processing establishments in Canada have now received official recognition of their FSEP plans.

Modernized Poultry Inspection Program

Our staff...

- provided continuous supervision and inspection of trained and accredited industry personnel who worked on the line and removed carcasses that presented defects. There are seven pilot establishments in operation representing 10 percent of Canada's 64 federally registered slaughter establishments. Three are phasing in MPIP and four are fully operational. Data available at this time shows that results are excellent in two establishments which have tested the system for at least one year.

Quality Management Program

Our staff...

- worked in co-operation with fish processors to encourage them to develop and submit their re-engineered QMP plans to comply with the recently amended regulations which make it mandatory for all federally registered fish processing establishments to develop, implement and adhere to a re-engineered QMP plan for their processing operations. By March 2000, all federally registered fish processing plants had developed and implemented a QMP plan for their processing operations.

- reviewed QMP plans requesting revisions where necessary, while continuing to conduct "compliance checks" to ensure that the safety and quality of fish products were not adversely affected during the transition process.

- continued to work with 11 importers approved to assess compliance of their imported fish products with Canadian standards under the Quality Management Program for Importers (QMPI).

2.3.3 Consumer Food Safety Education

We made significant progress on the food safety education front primarily through our activities with the Canadian Partnership for Consumer Food Safety Education. The Partnership, founded in December 1997, brings together representatives from industry, consumer, health and environmental organizations, and federal, provincial, territorial and municipal governments to improve consumer understanding of food-borne illness and the measures that can be taken to decrease risks. This year its membership grew to 64 members.

CFIA is a founding member and co-chair of the Partnership and we continue to play a key role by participating actively in its activities and providing funding and services. We supported the *Fight* BAC!™ campaign to develop food safety learning materials to inform Canadians about safe food handling practices. In evaluating the success of the campaign, over 330,000 *Fight* BAC!TM communications tools have been distributed to Canadian consumers. In addition, there were over 164,000 visitors to the Web site, at an average of 3,162 visitors per week.

Last year, we...

- redesigned and updated the *Fight* BAC!™ Web site;

- co-chaired and managed the Partnership and the *Fight* BAC!™ campaign;

- managed the development of the *Fight* BAC!™ Kindergarten to Grade 3 Learning Program and organized the national and supplementary launches of the program. The program contains a presenter's guide which includes fact sheets to take home to parents, food safety skits, songs and poems, food safety patrol badges, a food safety game and materials to create a BAC puppet;

- attended numerous food and trade shows with the Partnership exhibit and mascot;

- produced a brochure, with the assistance of Agriculture and Agri-Food Canada and in close collaboration with Health Canada, entitled *Food Safety and You*. The brochure, sent to every household in Canada, informed Canadians about Canada's food safety system and offered food safety tips.

2.3.4 Meat Hygiene Program

Last year, we...

- inspected all federally registered meat establishments across Canada, approximately 800, including those involved with poultry processing, slaughter and storage.

- inspected every animal slaughtered in federally-registered establishments, approximately 633 million animals compared to 606 million in 1998. The condemnation rates by weight are used as a measure of the health of animals. There has been a 0.4 percent condemnation rate by weight for red meat and about three percent for poultry in both 1998 and 1999. Animals and carcasses condemned by CFIA inspectors are not used for human consumption.

- inspected approximately 447,000 tonnes of meat imported into Canada in 1999, an increase of five percent over 1998. In 1999, CFIA inspectors rejected 1.2 percent by weight of imported meat. The rejection rate has remained relatively constant over the last three years. Although information on the reason for rejection is not available for 1999, in past years, the most common reasons were violations of Canadian regulations concerning labelling, safety and wholesomeness of meat and meat products. We are currently redesigning the information system required to capture this information. Rejected shipments are either destroyed or removed from Canada.

- inspected about 1,200,000 tonnes of Canadian-produced meat, bound for more than 100 countries, an increase of almost seven percent over 1998. Through multilateral and bilateral agreements, meat intended for export is inspected to ensure that it meets Canadian safety and quality standards and, in some cases, additional requirements imposed by importing countries. In 1999, 0.03 percent by weight was returned to Canada either by the importer or by authorities in the importing country. The rejection rate by weight for exports has shown a downward trend over the past three years. Canada's reputation for meat and meat products is a direct result of our strong domestic program and the positive outcomes of over fifteen foreign reviews of the Canadian system of inspection.

Meat Imports: Rejections

('000 kg)	1997	1998	1999
Volume	418,873	425,049	447,213
Rejection by weight	6,978	5,405	5,554
Rejection rate	1.7%	1.3%	1.2%

Meat Exports: Rejections by importer or by authorities inimporting country

('000 kg)	1997	1998	1999
Volume	984,062	1,126,584	1,203,528
Rejection by weight	1,106	1,042	341
Rejection rate	0.11%	0.09%	0.03%

Behind the Scenes:
The CFIA in a Canadian Meat Plant

"The product gets inspected live, dead and before its shipped. Every single animal, nose to tail." With those words, Kelly Hopfauf, CFIA inspector, sums up what he and his colleagues do at a beef plant in Moose Jaw, Saskatchewan.

Mr. Hopfauf, a 12-year veteran with the Agency, has been working at the Moose Jaw plant for over five years. Ask him and he'll tell you that he enjoys what he does; knows that it's important. The hardest part of his job? That, he says, comes up on those rare occasions when inspectors and plant personnel are at odds. "Fortunately, they understand that we have a job to do and if that means shutting down the line for awhile, then so be it." In the end, he says, it all works out.

Dr. Mike Roberts, veterinarian, agrees that it's usually a team effort. "The Agency and industry are both working towards the same goal in this plant – a safe product that can be consumed by anybody – our grandmothers, our children." Working with the Agency, the plant received its HACCP recognition in 1999 and work continues on the success achieved to date.

Mr. Kelly Hopfauf & Dr. Mike Roberts

Dr. Roberts is responsible for the work of 12 CFIA inspectors, an inspector supervisor, and another veterinarian. But his is no desk job. "We're in and out of the barns all day," he says, explaining that either he or the other veterinarian observe every animal at rest in the pens and quite a few on the move.

That's a lot of cattle. The Moose Jaw plant takes in approximately 720 animals a day, 5 days-a-week, year round. And they all go through a thorough inspection process. This begins with an initial screening by specially trained plant personnel who separate cattle that appear suspect, for example, those that are limping or acting lethargic. Dr. Roberts or his colleague closely examine and complete a full health report on each of these cattle.

Meanwhile, healthy animals go to slaughter. Afterwards, they are subject to a postmortem examination by CFIA inspectors who exam each and every animal's organs, carcass, and head, looking for abnormalities. When they identify something minor, they discard the effected product; anything else they designate for examination by a veterinarian.

In order to stay sharp, inspectors rotate through all the stations in the slaughter operation. As well, they take turns working in the processing plant where "primal cuts" are made to the meat. There, they look for any signs of problems originating after slaughter — i.e., bacteria contamination and/or foreign matter, such as metal from saw blades. In addition, inspectors certify every shipment bound for the U.S.

If it sounds like inspectors have to know a lot, it's because they do, according to Mr. Hopfauf. "There's a real emphasis on continuing education," he adds, explaining that inspectors receive 34 training modules on-the-job and attend frequent seminars and training exercises. "CFIA inspectors really know what to look for," he says.

Dr. Mike Roberts agrees. "Our inspectors are a highly trained, tremendously knowledgeable and experienced group of people who do a very thorough job."

2.3.5 Honey Program

Last year, we...

- carried out 189 in-depth plant inspections of producer-graders, packers and pasteurisers for sanitary conditions. Our inspectors found them to be 99 percent compliant with federal regulations and standards for processing.

- conducted 218 inspections of domestic honey products. Compliance rates for net quantity and grade standards continue to be very high; the compliance rate for labelling fell from 91 percent (1997-1998) to 79 percent (1999-2000). The Agency also tested domestic product and found 99 percent compliance with health and safety standards over the last two years and compliance rates for consumer fraud to be 74 percent in 1998-1999 and 100 percent in 1999-2000.
- worked jointly with Health Canada, provincial apiarists and the honey industry to develop a strategy to deal deal with antibiotic residue in honey.
- inspected imported honey and the rate of compliance for chemical residues fell from 96 percent in 1997–1999 to 95 percent in 1999–2000. Imported honey products have been targeted for additional sampling. Compliance with Canadian label standards continue to be a problem with imported products. The most common violation is not meeting our bilingual labelling requirements.
- Took action on all products found in non-compliance. Those rejected for health and safety reasons were removed from sale. CFIA efforts to target adulterated honey led to a successful prosecution and increased industry awareness and participation with CFIA to ensure the integrity of honey in the Canadian and international marketplace.

2.3.6 Fresh Fruit and Vegetables Program

Last year, we...

- took over 12,700 samples of domestic and imported fruit and vegetable products to test for chemical residues, including pesticides and heavy metals. Overall, the samples demonstrated a high level of compliance. In cases where the samples exceeded the maximum residue limits, our staff targeted the sources for further surveillance and follow-up action.
- took over 402 samples for testing to identify associated microbial risks. Of the samples taken, one was found positive for the presence of food-borne pathogens.
- initiated a nationwide special inspection and sampling project for sprouts. The CFIA evaluated 47 sprout producers by collecting samples or by administering a questionnaire designed to assess the producer's Good Manufacturing Practices. Some samples were not satisfactory and all of the information gathered assisted in the development of a draft *Code of Practice for the Hygienic Production of Sprouted Seeds and Beans.*
- tested 93 samples of mangoes and 16 samples of papayas for irradiation. None were found to be irradiated.
- carried out 17,069 inspections of fresh fruit and vegetable products imported, exported and shipped inter-provincially to verify non-health and safety issues such as quality standards, packaging and labelling requirements. In cases where CFIA inspectors detained a product, dealers were required to either dump, export (if the product was an import), donate it to a charitable organization, repackage, re-label or re-grade the product detained, in order to have the detention lifted. In addition, CFIA inspectors performed 19,590 inspections to evaluate the condition of produce at destination as a proof of produce damage in cases of potential commercial disputes.
- provided technical advice and support to the fresh fruit and vegetables industry leading to the creation of the Fruits and Vegetable Dispute Resolution Corporation (DRC). The DRC was established in response to

article 707 of the North American Free Trade Agreement to serve as a private dispute resolution body for the fresh fruits and vegetables sectors in Canada, the United States and Mexico.

- worked with the fresh produce industry to develop "On Farm Food Safety Guidelines". The initiative establishes Good Agricultural Practices (GAPs) and Good Manufacturing Practices (GMPs) for the production of fresh produce with the goal of enhancing food safety for consumers.

Fresh Fruit and Vegetable Program

Chemical Residue Monitoring and Sampling Plan	1997 – 1998		1998 – 1999		1999 – 2000 *	
	Domestic	Import	Domestic	Import	Domestic	Import
Samples	2,602	9,365	2,460	8,128	2,530	10,179
Samples in compliance (percentage)	98.7%	98.0%	98.8%	97.9%	98.7%	98.9%

* Partial data (CFIA laboratory sample data is not available at this time.)

2.3.7 Processed Products Program

Last year, we......

- took some 970 samples under the Agency's monitoring program for product contamination, pesticide residues, heavy metals, container integrity and harmful extraneous matter. Compliance results are not yet available for 1999-2000; however, results for 1998–1999 showed high levels of compliance. The compliance levels ranged from 97.8 percent for metal and toxic elements to 100 percent for pesticide residues in domestic products. Tests done for residues (except heavy metals) on regulated processed products imported from 42 countries indicated a compliance level of 99.8 percent. Samples tested for heavy metals (imports) showed a compliance rate of 97.8 percent.

- conducted 211 in-depth inspections of processed fruit and vegetable registered establishments in 1999–2000 and 256 in 1998–1999, and found relatively high levels of compliance. Establishments were 95.3 percent compliant in 1999–2000 and 94 percent compliant in 1998–1999. CFIA staff followed up with establishments that were non-compliant in order to ensure that corrective actions were being undertaken to address health-hazard related infractions. CFIA continued to develop a new rating system for processed fruit and vegetable registered establishments. This initiative is aimed at improving the effectiveness and efficiency of our inspection activities and resource utilization.

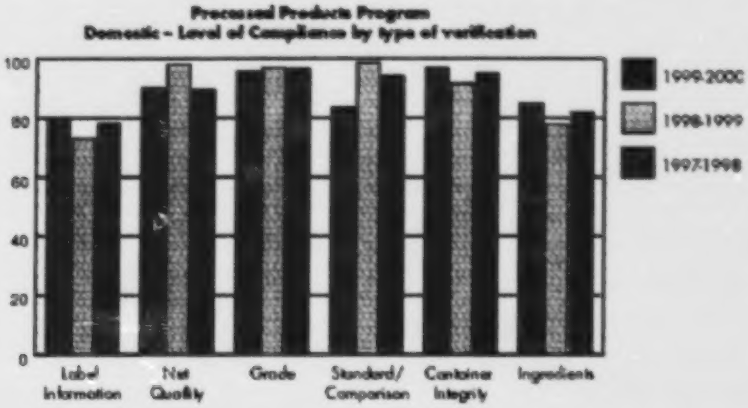
- inspected processed products for verification of the following: label information, grade, net quantity, ingredients, standards/composition and container integrity.

- continued to target imports from countries that have historically lower compliance levels and detained non-compliant products. Those that could not be corrected to meet applicable Canadian standards were either destroyed or re-exported out of Canada.

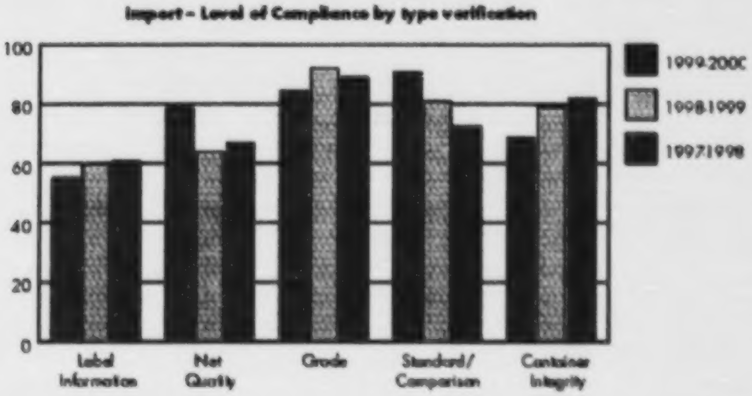
- carried out safety and consumer protection activities for maple syrup. Staff also inspected establishments associated with maple syrup production; all establishments inspected were in compliance. High levels of compliance were noted for products.

- responded to trade and consumer complaints. Over the last three years, staff investigated some 745 cases resulting in enforcement actions, including product re-labelling or sorting, destruction and re-export.

- continued to provide an independent fee-for-service inspection of products in order to confirm compliance of applicable standards prior to export. Our staff issued over 2000 export certifications over the last three years.
- completed the development, and promoted the use of, the voluntary Code of Practice for the manufacturing of non-pasteurized fruit juices (i.e., apple cider). Over the last year, no food-borne illnesses related to non-pasteurized cider in Canada were reported to CFIA.



Processed Products Program
Domestic – Level of Compliance by type of verification



Import – Level of Compliance by type verification

2.4 Animal Health

Expected Results

- effective standards and enforcement approaches to control the entry into Canada and domestic spread of regulated animal diseases
- effective control of the transmission of animal diseases to humans
- compliance of livestock feeds with federal standards for safety, efficacy and labelling
- Canadian animals and their products meeting other governments' science-based animal health requirements and contributing to the development of jointly-agreed

operational methods and procedures

Highlights of Our Accomplishments

Animal diseases pose a serious threat to Canada's animal resource base, to human health, the environment and our economic well being. In recent years, a number of factors have increased this threat including growing international trade, the increasing movement of people throughout the world, climate change affecting animal habitat, the emergence of new diseases and the re-emergence of old ones.

In the face of these significant challenges, CFIA has kept Canada free of transmissible diseases that are considered to be the most serious in terms of public health and socio-economic consequences. Canada is a leading member of the *Office International des Épizooties* (OIE), the international organization that provides the world reference for standards concerning animal disease. Member countries must report disease occurrences to the OIE, based on the International Animal Health Code. Canada is one of a few countries that can report that it is free of OIE List A diseases, the most serious transmissible diseases. In addition, through our detection and eradication activities, we have controlled and limited the spread of other animal diseases found in Canada.

In carrying out our responsibilities effectively, we have also contributed to the excellent reputation for quality and safety that Canada enjoys around the world for its animals and animal products. This reputation supports Canada's efforts to expand its markets. In 1999, Canada was successful in entering ten new markets. Fifty-nine million live animals and embryos were exported representing an increase of 4 percent over the previous year.

Through our work inspecting animal feed, we contributed to both human and animal health. Feed can be the source where many harmful residues — i.e., drugs, heavy metals, and biological and chemical contaminants — may enter the food chain. Due to concerns about bovine spongiform encephalopathy (BSE), rendering plants that produce feed were all inspected and found to be compliant with our regulations.

Lastly, we also worked to control the transmission of animal diseases to humans through our surveillance and testing activities, particularly our successful efforts in controlling the spread of rabies.

2.4.1 Animal Health Program

Our surveillance activities confirmed that Canada is free of those transmissible diseases considered to be the most most serious in terms of public health and socio-economic consequences.

In response to world-wide concerns about bovine spongiform encephalopathy (BSE) or "Mad Cow Disease", the Agency has strengthened its surveillance systems. Our officers examined 895 bovine brains histopathologically for BSE. All specimens were negative. We also initiated a program to detect and control chronic wasting disease (CWD) in farmed elk and deer.

Canada is a leading member of the *Office International des Épizooties* (OIE). CFIA supports the mission of the OIE by sharing advice and information with the OIE and its member countries, in order to contribute to the eradication of the most dangerous diseases for animals, including those diseases that can be transmitted to humans, and to determine the health standards for international trade. The OIE serves as the world reference for standards concerning animal diseases on which disease control policies or eradication programs are based.

Member countries must report disease occurrences to the OIE. List A diseases are transmissible diseases which have the potential for very serious and rapid spread and which have serious public health

Surveillance in Action: Bovine Brucellosis

In 1999, the CFIA conducted a bovine serum survey involving the testing of 17,170 randomly selected cattle. Testing confirmed that Canada's cattle remain free of bovine brucellosis.

In addition, 156,423 cattle were tested for brucellosis, in conjunction with other or socio-economic consequences and which are of major importance in the international trade of animals and animal products. CFIA reported that Canada remains free of List A diseases, a notable achievement.

routine testing programs in slaughter plants, at auction markets and for export reasons.

List B diseases, as defined by the OIE, are transmissible disease which are considered to be of socio-economic and/or public health importance within countries and which are significant in the international trade of animals and animal products.

Disease Control in Action: Bovine Tuberculosis

Confirmation that a captive elk had died of bovine tuberculosis (M. bovis) on an Ontario farm led CFIA veterinary staff to take immediate control and eradication measures. All 470 elk on the infected farm were quarantined and subsequently destroyed to prevent the spread of the disease. An extensive investigation was undertaken to locate and test the source herds from which the animals were purchased. Movement controls were put in place while all source herds and susceptible species neighbouring the infected herd were traced and tested. Over 1,500 animals were tested and no further evidence of the disease was found. Ongoing surveillance for bovine tuberculosis in cervids is part of Canada's control program and is based on the testing, every three years, of all cervid herds that are involved in commercial trade. In 1999, approximately 32,000 tuberculin tests were conducted on farmed elk and deer.

We identified 12 List B diseases including anthrax on seven premises; bovine tuberculosis in three herds; cysticercosis in beef carcasses from 29 premises; and scrapie in 14 sheep flocks, a significant reduction from 31 infected sheep flocks in 1998.

We examined all 3.3 million cattle slaughtered at registered abattoirs for cysticercosis and tested 77,222 horses for equine infectious anaemia. In 1999, our testing of poultry did not detect any cases of pullorum disease, a serious threat to our commercial poultry flocks. These test results confirmed that the eradication measures implemented in 1998 by CFIA, during which time 2,900 birds were found to be positive in 27 premises, were successful in eliminating the disease in Canadian poultry flocks. All of the infected flocks were destroyed.

Raccoon Rabies

Since 1993, an epidemic of raccoon rabies in the United States threatened to infiltrate Ontario. Rabies is a serious zoonotic disease, readily transmitted from wildlife to domestic animals to humans. Techniques developed by CFIA scientists enabled the identification of the "raccoon strain" of rabies virus in animals entering from the United States.

In July 1999, the first case of "raccoon strain" rabies was detected near Brockville, Ontario. CFIA, in partnership with the Ontario Ministries of Health and Natural Resources, implemented contingency plans and, to date, have been able to confine the rabies to two areas in Ontario. CFIA's laboratories provided disease test results within 24 hours and animal health experts prescribed control programs for exposed domestic animals.

Whenever these diseases were detected, we implemented measures to control their spread, ranging from quarantine to destruction of the animals, herd or flock. In these cases, we compensated producers for the destruction of their herds or flocks. Compensation payments encourage producers to report diseases at an early stage, and help them rebuild their stock. For example, in 1999, all exposed animals in herds identified with bovine tuberculosis and scrapie were destroyed and producers compensated. In 1999-2000, we paid out compensation payments totalling approximately $4 million.

ISA Epidemic in Atlantic Fish Stocks

The Veterinary Biologics Section frequently collaborates with industry and government agencies in the licensing of veterinary biologics that are used in the diagnosis, treatment or prevention of new or emerging animal diseases.

In 1998, an outbreak of infectious salmon anaemia (ISA) occurred on salmon farms in the Bay of Fundy. The Veterinary Biologics Section, in consultation with Fisheries and Oceans Canada and salmon producers, expedited the approval process for an autogenous vaccine, made from an ISA virus isolate from the local area. Through appropriate health management practices, which included the use of this vaccine, further losses due to infectious salmon anaemia were minimized.

In 1999-2000, approximately 50 million live animals and over 500,000 embryos and semen doses were imported to Canada. Those that failed to meet our standards were either quarantined, returned to the country of origin or destroyed. In the previous fiscal year, the number of imported live animals was 69 million and over 600,000 embryos and semen.

Fifty-nine million live animals and embryos were exported from Canada, an increase of four percent over the previous year. Our staff inspected and certified that all these animals met foreign country requirements.

Canada was successful in opening several new markets for animal exports. After 17 years, Canada is now permitted to ship cattle to the United Kingdom all year round. As well, 11 new health certification agreements were negotiated, allowing the export of pigeons and wild swine to Mexico, swine to Hungary, bovine semen to Croatia and Latvia, poultry to Poland, eagles to Argentina, cattle to Latvia and bird and sheep semen to Costa Rica.

Canada and China signed an agreement opening the door to significant Canadian pork exports to China. China agreed to accept CFIA data related to porcine respiratory and reproductive syndrome (PRRS) and transmissible gastroenteritis (TGE).

We licensed 52 new veterinary biologics and issued 205 permits for emergency or investigational use of vaccines. Safe and effective veterinary biologics are essential to prevent, treat and diagnose infectious diseases in animals. Review of requests for batch release of vaccines increased 79 percent while the number of new products approved doubled. Reported adverse reactions also increased significantly, likely a result of the increased awareness of veterinarians. We followed up on all cases of major adverse reactions.

Last year, 14 requests for assessment of novel organisms were received. Of these, we approved four. Due to human health or environmental concerns, the remaining requests are still under review in consultation with other departments and agencies.

2.4.2 Feed Program

Last year we registered 1,923 feeds that met regulatory requirements before product release into the market. Our turn-around time to review applications improved from 56 days to 48 days. The industry's response time to our requests for additional information also improved from 95 days to 66 days.

Our feed inspectors continued to carry out a Sulfa Traceback program involving investigations at farms to determine the cause of violative sulfa drugs residues found in pork inspected at federal abattoirs. The improper use of sulfa drugs in the manufacture of livestock feeds may contribute to the presence of unintended residues which pose a threat to food safety. Seventy-two on-site investigations were carried out over three years, targeting suspected sources of improper drug use. In over 60 percent of these cases, we found that the problem was caused by on-farm errors, notably inadequate clean-out of mixing equipment and storage facilities as well as feeding errors.

We also continued to carry out a Heavy Metal Contamination Monitoring program in livestock feeds, taking 181 samples over the past three years. Of these, 12 samples contained cadmium levels greater than the action levels. No samples were found to contain levels exceeding the action limits for lead and arsenic. Sample test results indicated that the most frequent sources of heavy metal contamination were found in mineral mixes and mineral ingredients.

Outbreaks of bovine spongiform encephalopathy (BSE) in the United Kingdom and elsewhere during the 1990's, prompted several countries worldwide, including Canada, to enhance regulatory controls on rendered products. Renderers process some 1.7 million tonnes of inedible animal materials each year. The high quality protein meal produced from the cooking process is used in the manufacture of livestock feeds (90 percent) and pet foods (10 percent). It is important that these products be safe. In 1997, amendments under the *Health of Animals Regulations* introduced manufacturing and labelling requirements for ruminant feeds. We inspected all rendering plants in Canada and they were found to be compliant.

We continued our active participation as a member of the Association of American Feed Control Officials (AAFCO). AAFCO provides a forum for feed regulatory officials to work together co-operatively with regulated industries and other stakeholders to develop uniform regulations, standards and policies for use nationally and internationally. Our representative served on the Board of Directors and was President of the Association in 1998-1999.

CFIA Shares Award

In recognition of intergovernmental efforts to coordinate feed regulatory initiatives, CFIA officials shared the Hammer Award, given out as part of U.S. Vice Vice President Al Gore's National Partnership for Reinventing Government. The Award was given to representatives of the U.S. Food and Drug Administration's Center for Veterinary Medicine and Office of Regulatory Affairs as well as the Association of American Feed Control Officials (AAFCO) for the "FDA/AAFCO BSE Feed Regulation Team." Canada's work as a member of AAFCO was to develop equivalent regulations and inspection activities.

2.5 Plant Protection

Expected Results

- effective standards and enforcement* approaches to control the entry into Canada and domestic spread of regulated plant diseases and pests
- compliance of seed and fertilizer with federal standards for safety, product and process
- Canadian plants and their products meeting other governments' science-based plant protection requirements and contributing to the development of jointly-agreed operational methods and procedures

Highlights of Our Accomplishments

Canada is a major agricultural country. Over one half of our agricultural land base of 68 million hectares is arable, requiring seed and fertilizer products for the propagation of crops. Fertilizer products are also commonly used by Canadians in their home plants and gardens.

The internal commercial market value for seed and planting materials in Canada is estimated to be over $800 million and our international trade in seed totals approximately $200 million annually, split evenly between imports and exports. The CFIA oversees the regulation and inspection of seed imports, pedigreed seed production and domestic and export seed certification. We provide third-party regulatory oversight of the day-to-day operations of the conformity verification body, the Canadian Seed Institute (CSI). CFIA audits of the CSI and CSI quality systems assessors found that CSI quality standards were being applied to meet CFIA standards.

Seed testing of imports showed a high rate of compliance. In addition, over two hundred investigations were carried out to scrutinize seed industry compliance with federal regulations in 1998-1999. Samples obtained from market place inspections over three years indicated that 95 percent of pedigreed seed and 84 percent of non-pedigreed seed met minimum standards.

We continued our activities to ensure that fertilizers are effective, accurate in their claims and safe for users, the environment and consumers of agri-food. Fertilizers are very important to Canadian agriculture: generally speaking, 40-50 percent of crop yield can be attributed to fertilizer.

Over the last three years, we processed almost 1,800 research notifications, inquiries and requests for product registration, label review, efficacy or safety data review, or authorization to release a novel supplement

Our inspectors took some 2,400 samples of bulk blend fertilizers during the last three years to verify their compliance with safety and quality standards. We continued to target producers who demonstrated low compliance levels in the past or who did not voluntarily provide test results. During the same period, inspectors took 578 targeted samples of legume inoculants and pre-inoculated seed.

*Details follow on two programs in the Plant Protection area: The Fertilizer Program and the Seed Program. Results from the Plant Protection Program will be reported in the 2000-2001 Annual Report.

2.5.1 Seed Program

The Agency serves as the Registrar for seed establishments, operators and graders and provides third-party regulatory oversight of the conformity verification body, the Canadian Seed Institute. Approximately 1,420 of 1,670 seed establishments are operating under the requirements of the CSI. The remainder are expected to meet requirements in 2000. Over the last two years, CFIA audits of the CSI and CSI quality systems assessors found that CSI quality standards were being applied to meet CFIA standards.

In order to acquire CFIA accreditation, all operators and graders are now required to complete evaluations demonstrating their knowledge and ability under Canadian standards. Over 3,000 industry staff (operators and graders) have successfully completed their accreditation requirements since 1996. Last year marked the end of the grace period for this accreditation.

Creating the Canadian Seed Institute

The Canadian Seed Institute (CSI) was recognized in December 1998 as a conformity verification body under CFIA legislation. The Agency accepts CSI recommendations for the registration of seed establishments in Canada.

CSI was developed after industry-government consultations that looked at options to both reduce and recover costs. It was agreed that industry would take greater responsibility for quality

CFIA staff continued to sample seed to assess industry performance of imported seed and domestically processed seed offered for sale in the Canadian marketplace as well as seed destined for export markets. A three-year summary of seed testing of imports indicated a compliance rate of at least 96 percent. CFIA seed laboratories received 10,496 samples and completed 15,876 determinations ranging from germination and mechanical purity through to disease and varietal purity analyses. These results provide valuable information on the overall health of the seed industry and forms the basis of the Agency's monitoring and compliance activities.

Agency staff, following producer and/or consumer complaints, scrutinized seed industry compliance with federal regulations through marketplace inspections and investigations. Over two hundred such investigations were completed in 1998-1999. A three-year summary of samples obtained from market place inspections assurance. The creation of the CSI was supported by the Canadian Seed Trade Association, the Canadian Seed Growers' Association, the Commercial Seed Analysts Association of Canada and the CFIA.

The CSI is a model for other sectors of the agriculture and agri-food industry and its approach is consistent with other major countries and organizations in the international seed marketplace.

indicated that 95 percent of pedigreed seed and 84 percent of non-pedigreed seed met minimum standards.

Our inspection staff verified seed and growing conditions of pedigreed seed based applications from members of the Canadian Seed Growers' Association (CSGA). Pedigreed seed was grown in 22,743 fields by 4,192 pedigreed seed growers under the auspices of the CSGA. The seed is conditioned and processed by some 1,100 approved conditioner establishments and sold in bulk from another 550 bulk storage facilities across Canada.

Agency inspectors and CFIA-accredited private crop inspectors completed nearly 25,000 seed crop inspections encompassing a total of 518,908 hectares. Seed offered for sale in Canada or destined for export is graded and labelled prior to sale. Inspection reports are submitted to the CSGA which in turn issues crop certificates indicating conformance with varietal standards.

Since 1996, the Agency has registered a total of 80 authorized importers. Authorized importers are permitted to bring seed into Canada with reduced documentation.

2.5.2 Fertilizer Program

Fertilizer products are a $5 billion industry in Canada. The range of products subject to regulation is wide and includes, among other things, bulk blended fertilizer for the production of agricultural crops; home and garden fertilizers; fertilizers that contain pesticides; supplements such as viable microbial products (i.e., inoculant and pre-inoculated seeds) to improve plant growth or plant yield; recycled products, such as composts; and synthetic chemical products, such as plant growth regulators or soil wetting agents.

In 1999-2000, the Agency monitored the production of bulk blend fertilizer at approximately 1,300 plants across Canada. Samples taken were analyzed to determine whether the products met the nutrient guarantees. Over the last three years, our inspectors took some 2,400 samples of bulk blend fertilizers to verify their compliance with safety and quality standards. The level of compliance was almost 4 percent less than the 83.7 percent compliance rate in 1998-1999. Low compliance levels may be attributed, in part, to the fact that the Agency pursues a sampling strategy that targets producers with historically poor test results.

During the same three year period, inspectors took 578 targeted samples of legume inoculants and pre-inoculated seed and also found a consistently high level of compliance. Inoculant and pre-inoculated legume seeds are important products because legume crops are a crucial element in crop rotation, or valuable sources of protein and oil. These products were also tested because they are viable microbial products and the products and seed to which they are applied are susceptible to many manufacturing and environmental factors. Our staff recorded a 90.6 percent compliance rate in 1999–2000.

Sharing Information Internationally

CFIA worked on the international front by sharing information and expertise with North American fertilizer regulators through our membership in the Association of American Plant Food Control Officials (AAPFCO).

Through this participation, we contributed to the Association's goals to develop harmonized standards and requirements, create a forum for information sharing and improve the effectiveness of regulatory programs.

We also oversaw sampling and testing under the Canadian Fertilizer Quality Assurance Program (CFQAP), a voluntary industry-Government of Canada program. Under the terms of this program, samples are sent to private accredited laboratories for analysis and results are forwarded to the bulk blender and to the Agency. Last year, the majority of samples were compliant with Canadian legislation. The Agency compiled the resulting information by blend plant and published blend plant ratings in the *Canadian Fertilizer Quality Assurance Report.*

> **Promoting Compliance Through Sampling**
>
> Over the past three years, CFIA inspectors have taken more than 250 samples of fertilizers and supplements to determine whether products that are sold in Canada, including imports, comply with standards for heavy metals such as cadmium, arsenic, lead and mercury.
>
> Products that have been sampled include micronutrient fertilizers, phosphate fertilizers, processed sewage, compost and liming materials.
>
> Non-compliant products are detained and, unless they can be brought into compliance, are disposed of by an appropriate method, such as re-exporting to the source, or land filling.

With respect to new fertilizer products, between 1997 and 1999, we processed some 1,798 research notifications, inquiries and requests for product registration, label review, efficacy or safety data review, or authorization to release a novel supplement.

Level of sampling and industry compliance under the Canadian Fertilizer Quality Assurance Program (CFQAP)

	1997	1998	1999
Samples	3,581	3,483	3,273
Industry Compliance	84.60%	82.95%	84.38%

* The drop in samples is partly attributable to the variable number of voluntary participants in the CFQAP.

2.6 Agency-Wide Performance Accomplishments

2.6.1 Science Services and Advice

Laboratory Services

CFIA's 22 laboratories deliver services that are crucial to the Agency's programs and operations. CFIA's laboratory scientists, chemist, biologists and veterinarians test and analyze samples submitted by CFIA inspectors for purposes of certification, surveillance and monitoring. They also provide special testing services, information, advice and expertise to CFIA inspection and policy officials as required for investigating issues of concern, outbreaks, or requests for new services. CFIA inspectors rely on this laboratory testing as well as field tests and on-site observations to enforce regulations.

Laboratory personnel also provide research and technology development to meet the Agency's program needs and expert science advice to the Agency's program officers and to international bodies that set standards for food, animal health, and plant health — such as *Codex Alimentarius, l'Office International des Épizooties* (OIE), and the International Plant Protection

Convention.

CFIA Laboratories in Action

- During 1999-2000, CFIA strengthened its scientific capacity by consolidating all CFIA laboratories into a single reporting structure within the Laboratories Directorate.
- CFIA's National Centre for Foreign Animal Diseases (NCFAD) was officially opened in June, 1999. The NCFAD is part of the Canadian Science Centre for Human and Animal Health in Winnipeg, a joint initiative of CFIA and Health Canada. The new centre contains Canada's first biosafety level-four lab and is the first laboratory complex in the world to house facilities for both human and animal health research. It is one of only a few facilities in the world that can diagnose and investigate foreign diseases of animals that would pose a serious threat to Canadian livestock if they entered and became established in Canada.
- One of CFIA's goals is to have all its laboratories accredited to international standards. All CFIA laboratories have either achieved accreditation by the Standards Council of Canada to ISO/IEC Guide 25 (*General Requirements for the Competence of Calibration and Testing Laboratories*), submitted an application for accreditation, or are preparing to do so.

Laboratory Testing Services

- In fiscal year 1999-2000, CFIA laboratories provided more than 500,000 test results for import, export and domestic programs, including tests to:
    - assess the safety, quality, and accurate labelling of fresh and processed foods, fish and seafood;
    - detect marine biotoxins;
    - certify the health of Canadian livestock, poultry and game-ranched animals; and of Canadian plants and plant materials;
    - assess the safety and quality of veterinary biologics, animal feeds, and fertilizers; and
    - certify the purity and quality of seeds.
- Tests performed for the Animal Health Program continued to account for over 75 percent of all tests done in CFIA laboratories (Appendix 5). However, the overall number of animal health program tests continued to decrease, largely due to a decreasing requirement for monitoring and export testing for bovine brucellosis. Over the same period, the number of tests to meet food safety program needs has increased due to the need to provide baseline information for HACCP program development and in response to increased consumer protection activities, including investigations to identify sources of infection.
    - CFIA's laboratory staff responded quickly and effectively to a number of food safety issues during the year including:
        - potential health hazards related to the presence of 3MCPD in soya and oyster sauces. Program staff were alerted by foreign sources and laboratory staff quickly set up and began appropriate testing; and
        - potential contamination of bean sprouts. After survey results indicated a potential microbial hazard, laboratory microbiologists quickly validated and conducted appropriate testing.
- Chemists in the Laboratories Directorate responded to concerns about possible dioxin contamination of foodstuffs imported from Belgium by testing products for dioxin residues and providing the data to CFIA program officials. This required modifying existing

methodology to meet new lower detection limits.

- In both fiscal year 1999-2000 and 1998-1999, CFIA contracted accredited laboratories to perform over 25,000 food safety tests at a cost of over $2 million. CFIA continues to promote the transfer, where feasible, of testing services to non-federal laboratories. Agency scientists provide proficiency testing and technical audit services to the Standards Council of Canada and to the Canadian Seeds Institute for their accreditation programs. As well, CFIA has it own accreditation programs for laboratories that provide tests for certain animal diseases, or for pests of seed potatoes.

Laboratory Research and Technology Development

- CFIA laboratory scientists are active in research and technology development on diseases and pests of animals, fish and plants, including improved testing and analytical methods to ensure that Canadian foods and other commodities meet international standards for health and safety. In 1999-2000, about 75 percent of CFIA's research and technology development resources were allocated to develop and/or adapt new technologies to meet the Agency's program delivery needs; and about 25 percent were devoted to developing the basic knowledge about diseases, pests and hazards that Agency officials need for science-based policy development and program design. CFIA laboratory scientists worked on more than 80 long-term research projects on animal health, plant health and food safety. Thirty of these were collaborations with the private sector, for which industry contributions of $1.3 million were matched by funds from the CFIA's Matching Investment Initiative fund.

University Partnership

The University of Guelph and the Canadian Food Inspection Agency signed an agreement in January 2000 to create a unique Canadian research and educational program in food safety regulation. The three-year agreement will benefit Canadian students and pave the way for the establishment, at the University of Guelph, of a Canadian Institute for Food Inspection and Regulation.

- Currently CFIA laboratory scientists are collaborating with Animal Health Program officials, Canadian sheep breeders and Quebec provincial authorities on a long-term project to evaluate a new test for early detection of scrapie-infected sheep that could be the basis of an effective control program for this serious disease. Scrapie is a transmissible spongiform encephalopathy, similar to BSE disease. As there is currently no test capable of discriminating between animals incubating the disease and those free of scrapie, it is necessary to destroy the entire flock when an infected animal is found. Over the past three years alone, 284 farms in Canada were infected with the disease, and the Agency paid over $3.4 million in compensation for destroyed animals. The new test will enable us to identify and destroy only the animals with scrapie. We estimate that compensation payments would be reduced by 60-90 percent.

Science Advice

The Science Evaluation Unit (SEU) ensures that well focussed science underlies Agency decisions through providing scientific and technical advice to the President and Executive Committee and representing CFIA at national and international scientific fora.

Science Evaluation Unit (SEU) in Action

- The SEU spearheaded the Agency's contributions to the Government of Canada's Science and Technology (S&T) initiatives including the Government's response to the Science Advice for Government Effectiveness (SAGE) Report. The SEU coordinated internal consultations and consulted with Agriculture and Agri-Food Canada. The end result of the government-wide consultation process was a set of principles and guidelines for the effective use of science and technology advice in decision-making. Over the coming years, the science components of the Agency will work to align their existing science advice practices with those described in the S&T Framework.

- The SEU organized a veterinary medicine forum and fish science forum to take a broad look at the role of science within CFIA, to enhance consistency in the application of sound science, and to reflect the Agency science objectives.
- The unit produced a major paper on the regulatory aspects of emerging food technology.

2.6.2 Enforcement

CFIA in Action

In 1999-2000 a new national Enforcement and Investigations Services (EIS) Office was created to coordinate enforcement and investigation functions and manage prosecution actions. The Office's role in the prosecution process is to provide advice, guidance and support to CFIA inspectors and managers in all programs and operations with regard to their investigations of non-compliance situations and the related impact assessment. EIS also works closely with CFIA Legal Services and Department of Justice Prosecution Counsel to obtain legal advice regarding the appropriateness of charges. As is highlighted in the case study, this process worked very well and resulted in a successful prosecution. It is anticipated that this case will have a significant deterrent effect.

A revised Enforcement and Compliance Policy was developed, approved and distributed to Operations and Program personnel in order to address the Agency's need for a consistent and uniform approach in enforcement procedures and practices across all commodities and regions.

The revised policy emphasizes prosecutions as the preferred response, where evidence exists, to situations of non- compliance which result in a significant impact. The exception to this approach is situations where compliance can be more effectively achieved by some other type of compliance action.

The policy provides CFIA managers with a consistent set of criteria in assessing the impact of a non-compliance situation, allowing them to decide on the appropriate enforcement or compliance action to be taken. Compliance actions include product seizure or forfeiture, removal of product from Canada, detention until product is brought into compliance, licence or registration suspension, cancellation or revocation. Compliance actions available vary depending upon the statute under which non-compliance has occurred.

In 1999-2000, there were 464 active investigation files within EIS. Eighty-two prosecutions comprising 375 charges or counts were laid and 59 prosecutions, representing 115 charges, were concluded. Most cases were resolved through guilty pleas by the regulated party. Total fines assessed by the courts for those 59 prosecutions were $228,750.

Provigo Case

In 1997-1998, CFIA inspectors, on a routine inspection, encountered a series of occurrences of non-compliance with provisions of the *Food and Drugs Act* (FDA) at a Loeb Inc. store in Ontario. They extended their inspection and investigation activities to other Loeb Inc. stores in Ontario and found further instances of non-compliance.

In November, 1999, over 100 charges for various violations of the FDA were laid against Provigo Ltd., with whom Loeb Inc. had amalgamated since the time of the alleged offences. The violations included mislabelling meat products, misrepresenting ingredients, misrepresenting original packaging dates, misrepresenting country of origin information, failing to declare pork fat added, and failing to store cooked poultry at the proper temperature.

The case was resolved with a guilty plea by Provigo Ltd. to 10 representative charges for violations in their stores in 7 different Ontario municipalities. Total fines levied were $120,000. This was the highest total fine and highest per-charge fine ever levied under these provisions of the FDA.

2.6.3 Biotechnology

Biotechnology uses living organisms to make new products or provide new methods of protection. The term covers all organisms, whether developed traditionally or through the newer molecular techniques such as genetic engineering. In the past decade over 5,500 field trials were conducted on plants developed through biotechnology, and to date 34 plant products have been approved for commercial release.

CFIA provides the first line of defence to protect Canada`s environment from potential safety questions related to agricultural products of biotechnology. In 1993, the Federal Regulatory Framework established the guiding principles for regulations of biotechnology. The document confirmed the regulatory responsibility of CFIA for environmental assessment for plants, microbial supplements, fertilizers, feeds and veterinary biologics.

Agricultural products of biotechnology regulated by the Agency must undergo environmental evaluations prior to import into Canada, prior to testing in field trials, and prior to commercialization. CFIA meets its responsibilities through evaluation and inspection.

CFIA evaluators conduct in-depth environmental safety assessments related to biotechnology. These evaluators are highly qualified scientists, supported by specialized expertise within and outside the Agency. External expert panels have been established to access the best available science. CFIA inspectors provide the front-line of protection by ensuring that regulations for the containment of agricultural products of biotechnology are respected. Inspectors work on-site to ensure compliance with the terms and conditions of field trials.

In the Budget 2000, the Government of Canada made a $90 million commitment to enhance and improve the federal regulatory capacity. The CFIA's Office of Biotechnology played a pivotal coordinating role in the identification of the key regulatory priorities and program initiatives by the six departments and agencies who will receive this funding.

In addition, the Government of Canada established the Royal Society of Canada Expert Scientific Panel, a group of eminent scientists, to provide advice on the future science needs of the regulatory system.

CFIA in Action

The Office of Biotechnology was created to provide a single window for biotechnology policy related to the regulation of agricultural products. The office works with CFIA program experts to provide input to national and international biotechnology initiatives and forums, provides information to the public and responds to media inquires.

The Canadian Biotechnology Advisory Committee is being supported with information from the Agency. This committee, established in 1999 under the Canadian Biotechnology Strategy, has a mandate to engage Canadians in a dialogue and to provide independent advice to Ministers. The first project will focus on the social, economic, ethical, legal, regulatory and environmental aspects of foods derived form biotechnology.

The Agency played an important role in the successful negotiation of the Cartagena Protocol on Biosafety in January 2000. The objective of the Protocol is to ensure the safe international trade of living modified organisms.

The Agency shares the responsibility for food labelling policies with Health Canada. CFIA has been leading the federal program in the development of general food labelling policies and regulations not related to health and safety. Specific activities in the area of biotechnology includes the Agency's active participation in the recent international work of the *Codex Alimentarius* commitee on food which is developing a labelling approach for foods from biotechnology, and the domestic work being done with the Canadian General Standards Board to develop a Canadian standard for the voluntary labelling of foods derived from biotechnology.

The volume and increasing complexity of biotechnology applications are expected to grow. The Agency will continue to apply its "safety first" approach to regulation.

2.6.4 Federal-Provincial/Territorial and International Agreements

Federal-Provincial/Territorial Agreements

Developing consistent, uniform food safety standards

The Canadian Food Inspection System Implementation Group (CFISIG), established to implement the Blueprint for a Canadian Food Inspection System, held its semi-annual meetings in April and and September, 1999. CFISIG, a permanent working group made up of officials from all levels of government, is working to develop consistent, uniform food safety standards for use across the food industry that are recognized by consumers, industry and governments.

Various working groups have been struck to develop harmonized model regulations and accompanying codes for various commodities or sector activities. These codes and regulations are crafted as a set of standards and serve as guides for each jurisdiction upon which to model its own laws and codes of practice.

CFIA has begun to rewrite its dairy regulation relying heavily upon the CFIS Dairy Model Regulation and Code (1998).

Codes and regulations for the food retail and food service industry were approved in 1999. Other working groups continue their progress in developing model regulations and codes for sectors such as, but not limited to, meat and poultry, horticulture, bottled water, and transportation practices.

CFIA in Action

In December 1999, a framework agreement with the government of Saskatchewan, represented by its departments of Agriculture and Food, and Health, and 11 district health boards, was signed. By signing this memorandum of understanding (MOU), the participants demonstrated their commitment to establishing a more effective system of inspection and enforcement for food safety, a system that minimizes duplication of services, bridges potential gaps and builds on the strengths of each of the participants.

A management committee has been created to implement the MOU and subsidiary agreements will be developed for food recalls, meat inspection, training and emergency preparedness.

This MOU is the fifth that has been signed by the Agency. It follows successful agreements with Alberta (December, 1997), Ontario (May, 1998), Québec (May, 1998) and the Northwest Territories (November, 1998). Marked progress has been achieved in entering into collaborative agreements with other provinces and territories.

International Agreements

Canada imports new products from an increasing number of countries and exports rising volumes of agriculture products, food, fish and forestry products.

During this past year, CFIA continued to pursue its international strategy both multilaterally and bilaterally. The following are some of the highlights:

CFIA in Action

Multilaterally, CFIA in cooperation with other federal departments, supports the maintenance and development of a coherent international regulatory framework which is both science-based and rules-based, involving a range of trade and environmental agreements as well as standard setting instruments.

World Trade Organization (WTO) Committee on the Application of Sanitary and Phytosanitary

Measures (SPS) – CFIA, as head of the Canadian delegation to the WTO SPS Committee, played a leadership role in concluding negotiations of consistency guidelines to assist regulatory authorities in the selection and use of SPS measures intended to achieve a country's desired level of protection.

Codex Alimentarius – CFIA participated, with Health Canada and the Department of Foreign Affairs and International Trade, in discussions within the Codex Committee on General Principles, inter alia, to clarify the role of precaution and the use of non-science factors within a science-based food safety decision making framework used for the development of international standards as well as national measures.

Biotechnology – CFIA was active in a wide range of biotechnology-related international discussions/negotiations. For example, Canada, with the full participation of CFIA as one of the world's most experienced regulators of products of biotechnology, led one of five negotiating groups involving over 130 countries in the successful conclusion of a multilateral environmental agreement known formally as the Cartagena Protocol on Biosafety under the UN Convention on Biological Diversity. CFIA also spearheaded the development of a Canadian proposal in the WTO to establish a working party on biotechnology with a time-limited, fact-finding mandate to assist countries in coming to a common view about how WTO rules apply to biotechnology and its products.

China's Accession to the World Trade Organization – In conjunction with Canada-China negotiations on China's accession to the World Trade Organization (WTO), CFIA and China's State Administration for Entry-Exit Inspection and Quarantine (CIQ-SA) signed a Record of Understanding to resolve outstanding Canadian priority issues related to SPS barriers. The agreement established a work plan for completing negotiations to revise animal health conditions for exports of Canadian pork, to provide approvals for registered Canadian beef/pork plants and to establish import conditions for seed potatoes.

Canada-China Seed Potato Protocol – In February 2000, Canada and China signed a seed potato protocol that permitted, for the first time, commercial shipments of potatoes to enter and be planted in China. Canada is the first country to sign a seed potato protocol with China.

CFIA-FDA Cooperation on Food Safety – For many years the US Food and Drug Administration's (FDA) "hold and test" practice has been an irritant for Canadian exporters because non-suspect shipments of perishable fresh fruits and vegetables were sometimes held for up to two weeks or more. The FDA and CFIA have agreed to work together to enhance the safety of food being traded bilaterally.

MOU on Cooperation in Food Safety and Inspection, and Animal and Plant Health – On September 29, 1999, the Minister of Agriculture and Agri-Food and the Minister of Health signed a MOU with Mexico to further enhance cooperation and communication.

Canada – Chile MOU on Pork and Pork Products – Chile, a major out-of-season supplier of Canadian fresh fruits and vegetables, and CFIA have taken a step forward in enhancing cooperation with the May 6, 1999, signing of a MOU on cooperation. A second MOU was signed establishing the conditions under which Canada can export pork to Chile.

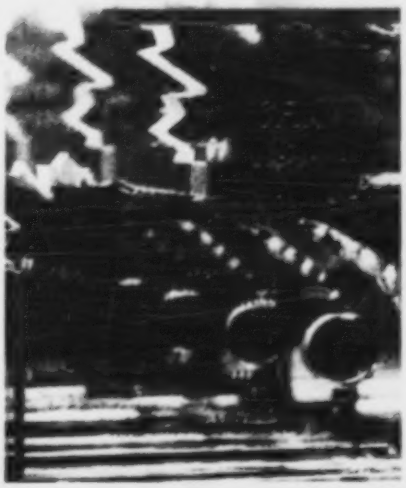
Bilateral Agreements

CFIA currently manages over 1500 product-specific bilateral agreements and protocols with other countries on a wide range of food safety and animal and plant health issues. The overarching purpose of this network of agreements is to ensure that Canada's food safety and animal and plant health standards, as well as those of other countries, are science-based and effectively adhered to in a manner which avoid unnecessarily disrupting trade.

The objectives of such agreements include establishing 1) the sanitary and/or phytosanitary standards for products to be traded internationally; 2) pest or disease-free areas as well as effective testing and verification procedures; 3) the conditions under which different national systems of inspection and certification can be treated

treated as equivalent and 4) bilateral programs of institutional and technical cooperation and assistance. CFIA prioritizes the negotiation of such technical agreements based on requests from Canadian producers and importers, as well as from foreign governments, and in so doing benefits from the cooperation of Health Canada, Fisheries and Oceans Canada, Agriculture and Agri-food Canada, Natural Resources Canada, Canadian International Development Agency, and Foreign Affairs and International Trade Canada.

2.7 Human Resources Management



In this, our third year since becoming a separate employer, CFIA focussed on building an Agency-wide human resource management framework to support evolving business priorities. This has meant the continued development and implementation of Human Resources' policies, programs and systems.

The following reports the progress achieved in fiscal year 1999-2000 against the five Human Resource (HR) challenges identified in CFIA's 1997-2000 HR Strategy:

2.7.1 A Supportive Work Environment

Expected Result

- A corporate culture and organizational structure that allows the CFIA to most efficiently and effectively meet its evolving business objectives.

The Agency continues to foster positive workplace, leadership and employment values. For example, we recognize the efforts of CFIA employees. In the last year, the Agency rewarded 82 employees with the President's National Award for outstanding performance, and more than 570 employees with Long Service Awards. Local and area managers recognized other employees through less formal means.

Continuing to demonstrate its flexibility as a separate employer, the Agency converted 193 long-term specified employees to indeterminate status. CFIA also developed and implemented two values-based policies: an Area of Selection policy that allows managers to identify the most appropriate candidate pool; and a transfer policy that provides for lateral movement between jobs within CFIA.

Over the past year, three initiatives have contributed to laying the foundation for the Agency Classification System:

1. the Agency Classification Accreditation Program;
2. the development of generic work descriptions; and
3. the provision of tools for senior management to make informed organizational choices that will lead to transparent, equitable and defensible classification decisions.

The Agency, together with the Public Service Alliance of Canada (PSAC), is reviewing its existing classification structure for the Primary Product Inspection group (PI). This group has its origins in four different departments and represents approximately half, or 1,900, of the Agency's total staff. The intent is to address issues of appropriate and equitable classification levels that reflect the variety and complexity of the work performed.

A solid organizational structure contributes to the achievement of business objectives. Some of the Agency's endeavours toward this were:

- staffing of key positions within the organization such as the appointment of the Director, Office of Biotechnology; the four area Laboratories' Network Directors; and a Regional Directors in the Ontario and Western area for the Operations Branch;

- bringing a key senior medical advisor on board in the Science and Evaluation Unit to improve linkages with other federal departments on health issues;
- the creation of the Office of Food Safety and Recall and the Enforcement and Investigation Services Unit of the Operations Branch to streamline service;
- staffing four Occupational Health and Safety Coordinator positions to facilitate program implementation;
- completing the realignment of the Agency's organizational charts exercise for Administrative Service Centres across Canada; and
- creating a Laboratory Network System to improve service and better meet program requirements.

An indicator of an organization's stability is its capability to retain its employees. The Agency saw an increase of five percent in its retention rate over the previous year.

2.7.2 An Effective Employment Framework Supporting a Qualified Workforce

Expected Result

- An effective employment framework and the promotion of career development to maintain a qualified workforce now and for the future.

The Agency continued to provide effective employment conditions for its staff and maintained a skilled workforce, by applying its human resource management practices and principles and encouraging employees to participate in the decision-making process.

Strategic linkages were formed with other organizations to ensure program continuity and future science capacity. These include a Memorandum of Understanding with the University of Guelph to create a unique Canadian research and educational program in food safety regulation. The three-year agreement will benefit Canadian students and pave the way for the establishment, at the University of Guelph, of a Canadian Institute for Food Inspection and Regulation that will guide the two organizations' collaborative projects, as well as attract and secure research and development funding from the private and public sectors.

As well, CFIA maintains memoranda of understanding with Health Canada and with Agriculture and Agri-Food Canada giving CFIA employees access to certain competitive selection processes in these departments.

CFIA participated in the development of the Graduate Opportunities Strategy and in the Government of Canada's Regulatory/Inspection Community Initiative to address recruitment and retention challenges. A study of veterinarians in the Agency provided staffing, labour market and retention information for use in developing a recruitment strategy.

A process for undertaking comprehensive, management driven HR planning activities is currently being piloted. It includes consultations, spanning the country, with over fifty percent of the 600 employees in the Laboratories Directorate. Approximately 20 workshops were held with managers and employees to produce a local and Area HR Plan for each service centre. Other organizations within the Agency are poised to begin similar processes.

In 1999-2000, CFIA introduced its Student Internship Program (SIP) to attract high-calibre students to the Agency upon graduation. The pilot project, involving just one intern at present, will be expanded across the Agency in 2000-2001. In addition to the SIP program, the Agency hired over 100 students in the last year through co-op and summer programs.

The Agency designed its Career Management Program (CMP), which includes training, the Career Planning Guide and career counselling services, to help employees identify career aspirations and goals. The CFIA Mentorship Program, to be launched next year, was developed in partnership with Natural Resources Canada, Fisheries and

Oceans Canada and the Public Service Commission of Canada.

CFIA and the Public Service Alliance of Canada (PSAC) entered into their first collective agreement on July 8, 1999. This agreement consolidates the terms and conditions found in the PSAC Master Collective Agreement and in 18 group-specific agreements. It provides a salary scale comparable to the greater public service as well as benefits to which employees are entitled. As well, CFIA and the Professional Institute of the Public Service of Canada signed an agreement for veterinarians on November 8, 1999.

2.7.3 Flexible and Integrated Human Resource Services, Programs and Systems

Expected Result

- Human resource systems and programs that are flexible, integrated, streamlined and affordable.

The Agency continued to develop its human resource systems and programs.

The Human Resource Information System has been updated to make it more accessible to staff. In the process, the administrative burden has been reduced and service delivery streamlined. The tracking of grievances and discipline issues has been improved by the use of new software.

To gauge the effectiveness and efficiency of our training initiatives, the Agency's non-technical training statistics have now been centralized through the development of new training modules within the Human Resource Information System. The modules will be implemented and monitored over the next two years.

The Agency's Performance Feedback and Review Program was launched in 1999-2000. This program assists managers and their employees to set clear performance objectives. Standardized objectives were identified during during the 1999-2000 fiscal year.

In 1999-2000, the Agency identified an official languages Champion to promote official language matters to senior managers. A tool for monitoring service to the public, language of work, and equitable representation was developed. Francophone representation at the Agency increased in the last year and remains well above the percentage of Canadians who identified French as their first language in the 1996 census.

The Employment Equity (EE) focus in the past year was on developing tools to address EE challenges:

- a new EE policy promoting better understanding of EE principles, and setting guidelines to help managers develop an organizational culture supportive of a representative workforce;
- a Diversity Management Learning Session was piloted in the Atlantic Area; and
- a work planning tool was developed for the EE Advisory Councils.

A demographic questionnaire was recently sent to all employees. Resultant information, coupled with a detailed demographic breakdown of the four EE groups in the Agency, will provide valuable information for future action.

In 1999-2000, with respect to the executive group, representation by women increased to 34 percent compared to 26 percent in 1998-1999.

Francophone representation at the CFIA

March 1999	March 2000	1996 Canadian Census French as first language
25.8%	26.5%	23.0%

2.7.4 Opportunities for Learning

Expected Result

- Enhanced opportunities for learning and adaptability to change.

In 1999-2000, CFIA demonstrated support for continuous learning, both technical and non-technical, in order to meet evolving business needs:

- an Annual Training Planning and Reporting Cycle was implemented to provide a consistent and integrated approach to the planning, implementation, monitoring and reporting of technical training activities, as well as the allocation and management of associated resources;
- a Science Forum for veterinarians was held and working groups have been created to follow up on the resulting recommendations;
- the Operations Branch instituted several special training opportunities for staff, including "Leadership In Action" training and updating of the professional skills of branch veterinarians;
- a revised Occupational Safety and Health (OSH) Training Policy was developed and implemented; and
- information sessions to update management on the new collective agreements were held across the country.

In consultation with Program and Operational management and staff, current and future technical training needs were incorporated into the National Training Initiatives Plan managed by Programs Branch. This plan responds to the ongoing evolution of the organization's science-based programs. In 1999-2000, more than $3.2 million was spent on training and development within CFIA. In relation to scientific and technical training, the focus included such high priority files as:

- Food Recalls and Emergencies
- Food Safety Enhancement Program
- Quality Management Program
- Modernized Poultry Inspection Program
- Metal Can Integrity
- Humane Transportation of Animals
- Foreign Animal Disease Recognition/Outbreak Management
- Seed Potato Tuber Inspection
- Feed and Fertilizer Training
- Y2K compliant Informatics Systems
- ISO 14001/IEC 25 Training

The CFIA Learning Resource Centre was launched to make non-technical learning information available to employees and managers. A listing of materials is available for staff through the Intranet.

CFIA's new Management Learning Continuum catalogue describes the first wave of learning programs associated with the Management Competency Profile. Four new learning modules were developed in this series and are now available to staff.

2.7.5 Communicating the Vision and Managing Change

To communicate its vision and foster change within the organization, the Agency implemented and maintained several initiatives:

- Executive Councils, which are planning sessions for members of the management team;
- the framework to establish Area Management Councils for middle managers during 2000-2001; and
- the creation of the CFIA Science Committee to further promote awareness of science issues.

To support communication between all levels of the organization, the Agency continues to publish four regional staff newsletters as well as corporate documents such as "Contact", "HR and You" and HR Bulletins. The Operations Branch developed an Intranet site to communicate with staff on Branch issues and events. They also instituted a program to share "best practices" among staff.

In addition to open fora, three areas have established an Area Employee Assistance Program (EAP) Committee. These joint union-management committees discuss employee wellness issues as well as training and EAP awareness opportunities.

To maintain harmonious employee/employer relations, Labour/Management Committees composed of senior CFIA CFIA management and representatives of both bargaining agents, were established nationally and locally.

In addition, regular communications between CFIA and the bargaining agents are maintained by the Labour Relations Division which serves as the primary point of contact.

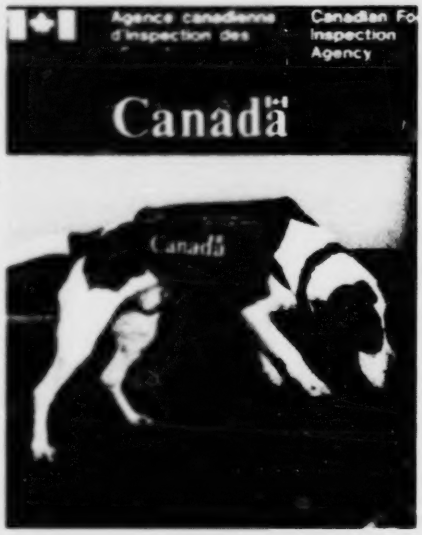
Conclusion on Human Resource Performance

Over these last three years, the Agency's HR Strategy has helped to guide the organization as it identified its development needs, adopted its values-based decision-making foundation and designed and implemented customized policies, programs, systems and services.

For the next three years, the Agency has developed a new HR Strategy that will set the stage for the Agency to equip its employees with the tools and knowledge to perform their jobs, to attract and retain the skills needed to fulfill the Agency's mandate and to provide its staff with a supportive working environment.

2.8 Consolidated Reporting

2.8.1 Year 2000 Initiatives



Over the past three years, we made a significant effort to ensure that business functions would continue uninterrupted into the new millennium. Contingency plans, advanced preparedness plans and fall-back systems were developed. All identified areas requiring remediation activities were completed on time. CFIA developed an operational Business Continuity Plan to ensure the continuation of operations in the event that remediation steps were not successful.

In addition, a Y2K CFIA Resource Centre for laboratory equipment was formed in November 1998 and funded by Treasury Board. The Resource Centre provided assistance to Government of Canada agencies and departments for Y2K testing and facilitated the readiness of laboratory equipment across the Government of Canada.

As most systems were not Y2K compliant and did not fully serve CFIA's operational requirements, the Agency used this opportunity to invest in new information systems. This initiative consolidated 117 information systems into 17 new and fully integrated systems.

On December 31, 1999, all systems were shut down and were up and running by January 1, 2000. During this time, the information systems, including all of our data bases, were verified. The laboratories passed their facilities checks and equipment inspections. In the four Areas, major offices were inspected by special teams and determined to be ready for business. A special team of corporate managers answered all incoming calls on a toll-free line and referred them to the appropriate Executive Directors for action. Finally, our Emergency Manager provided the linkages between the Agency and the Federal Y2K Monitoring and Coordination Centre.

Our efforts paid off. On January 4, 2000, our first business day, the Agency's facilities across the country were fully functional, phones and computers were running, and laboratory facilities and equipment were operational.

2.8.2 CFIA and Environmental Sustainability

CFIA continued to strengthen its performance in protecting the environment and promoting sustainable development. Environmental protection and sustainable development are an integral part of the Agency's legislative responsibilities in pursuing objectives related to food, plant protection and animal health. In 1999-2000, the Agency continued to contribute to key activities under the umbrella of Agriculture and Agri-Food Canada's Sustainable Development Strategy.

All agricultural products of biotechnology regulated under the feeds, seeds, fertilizer and health of animals regulations, which will be released to the environment, undergo a pre-release environmental assessment. The criteria for these assessments were developed in consultation with scientific experts from academia, industry and Environment Canada. As the largest science-based regulator in the Government of Canada, the Agency benefits from expert scientific advice in carrying out its mandate. Science and analysis can increase understanding of sustainable development issues and, in turn, help governments and Canadians alike make more informed decisions. The Agency conducted environmental assessments in order to assess potential environmental effects related to feeds, fertilizer, seeds and veterinary biologics. This process has enabled the Agency to consider measures which avoid or minimize negative social, economic and environmental impacts. The number of assessments conducted is based on the number of applications that are brought forward by industry.

CFIA Environmental Assessments
(Products of Biotechnology)

Area	Number of Environmental Assessments Conducted	
	1998 - 1999	1999 - 2000
Feeds and Seeds	2	2
Veterinary Biologics	6	2*
Fertilizer	0	1*

* Assessments in progress but not completed in 1999.

The Agency continued its work developing new standards and regulations for contaminants in fertilizer products, and animal feeds and supplements. CFIA worked with industry and other government agencies to develop internationally acceptable national organic standards, recognized validation processes, and certification and accreditation mechanisms. Organic agriculture relies less on pesticides and synthetic fertilizers. The National Standard for Organic Agriculture was ratified by the Standards Council of Canada and published in June, 1999.

The direction for the Agency's Environmental Management Plan (EMP) was approved in June, 1998. In a effort to integrate environmentally responsible approaches to the management of its physical operations, CFIA has committed to developing and implementing an Environmental Management System (EMS) based on ISO 14000 principles. Measures which conserve energy and water, reduce solid waste, improve fleet management, and encourage the purchase of environmentally-sensitive products make good economic and environmental sense.

Throughout 1999-2000, the Agency continued to examine a number of environmentally responsible approaches to managing its physical operations. At the local level, test sites in each of the Areas have started EMS implementation in order to pilot the initiative and share the best practices. In Quebec and Ontario, a number of work sites have completed environmental reviews aimed at minimizing or eliminating negative environmental impacts. An EMS Task Force, supported by local "Green Teams", has been established to move forward on the Agency's overall EMS commitment.

The Agency will continue to strengthen and share its scientific and analytical expertise, work with its clients and stakeholders, and develop an innovative mix of policy, management tools and environmentally sustainable practices.

2.8.3 Legislative/Regulatory Initiatives

Legislative Initiatives

The proposed *Canada Food Safety and Inspection Act* (formerly known as Bill C-80) was introduced into Parliament on April 22, 1999. The proposed Bill consolidates and modernizes the existing food, agriculture and aquatic commodities and agricultural input statutes and provides Health Canada and CFIA with more effective enforcement tools.

Following the prorogation of Parliament in the fall of 1999, Agency officials met with stakeholders and other interested parties to provide further briefings on the proposed legislation and to obtain suggestions on proposed technical amendments to the Bill.

Regulatory Initiatives

CFIA is one of several major regulatory agencies/departments in the Government of Canada. The Agency's mandate includes responsibility for the administration and/or enforcement of 13 Acts and their regulations. These legislative authorities provide health, social and economic benefits for all Canadians. In some cases, the nature of the Agency's broad and dynamic operating environment demands that additions and/or changes be made to the Agency's regulatory responsibilities. Over the course of the last year, the following regulatory additions and amendments were approved:

Statutory Changes

- *Public Service Rearrangement and Transfer of Duties Act* (*Consumer Packaging and Labelling Act*)
- Coming into Force of Section 31 of the *Canadian Food Inspection Agency Act*

2.8.4 Administrative Monetary Penalties Regulations

The *Agriculture and Agri-Food Administrative Monetary Penalties Act* (*AAAMPA*), which came into force July 30, 1997, establishes a system of administrative monetary penalties for the enforcement of statutes administered and enforced by CFIA. *AAAMPA* authorizes the Agency to issue administrative monetary penalties for non-compliance as an alternative to prosecution.

In 1999-2000, regulations were published in the *Canada Gazette* Part I to bring *AAAMPA* into effect for violations of the *Health of Animals Act* and the *Plant Protection Act* and their regulations. Policies, procedures, training and communications plans were developed and delivered, with implementation scheduled to take place in 2000.

The *Canada Agricultural Products Act* provides for the establishment of a Review Tribunal, an independent body formed to review the imposition of monetary penalties. Last year, the Chairperson for the Review Tribunal was appointed. Ongoing progress in the administration and implementation of an administrative monetary penalty system will continue to strengthen the ability of the Agency to provide a secure animal and plant health inspection system.

Regulations

• Fish Inspection Regulations (QMP)

• Livestock and Poultry Carcass Grading Regulations (Lamb Standards)

• Maximum Amounts for Destroyed Animals Regulations, 1992 (Phase I)

• Meat Inspection Regulations, 1990 (Use of Controlled Atmosphere Systems for the Stunning of Food Animals)

• Regulations Amending the Health of Animals Regulations (Slaughter Swine)

• Regulations Amending the Dairy Products Regulations (Standard Container Size Deregulation)

• Regulations Amending the Licensing and Arbitration Regulations (NAFTA Tri-National Dispute Resolution Corporation (DRC))

2.8.5 Plant Breeders' Rights

Under the authority of the Plant Breeders' Rights Act, CFIA protects the work of plant breeders by granting them the rights to control the multiplication and sale of reproductive material of new varieties. The CFIA's Plant Breeders' Rights Office (PBRO) examines applications to determine whether applicants are entitled to receive a grant of rights. To be successful the applicant must demonstrate to the PBRO that the variety under consideration is new, distinct, uniform and stable.

There was a large increase in the number of applications over the previous year. This was due to a regulatory amendment in December 1998 that brought all plant species, excluding algae, bacteria and fungi, under the Act. In calender year 1999, 549 applications for protection were received (358 in 1998), 147 grants of rights were issued (145 in 1998), and 362 rights were renewed (278 in 1998). Revenues credited to the CFIA for this service amounted to $511,000 ($427,000 in 1998).

2.8.6 Cost Recovery

In accordance with the Government of Canada's current Cost Recovery and Charging Policy, CFIA collects fees for some services. The Agency's authority to set user fees is prescribed in various federal statutes, including the *Canadian Food Inspection Agency Act*.

Our guiding principles for cost recovery are as follows:

- Create an open and transparent approach in developing a partnership with our clients.
- Do not compromise health and safety services.
- Honour international trade agreements.
- Minimize negative impacts on the competitiveness of the agri-food sector.
- Maintain adequate resources for regulated services to withstand third-party scrutiny from a legal liability standpoint.
- Take into account cost reduction, cost avoidance and cost recovery when redesigning programs.
- Apply cost recovery only to those activities from which private benefit is attained.
- Apply cost recovery equitably for similar activities and commodities of comparable risk.
- Service fees should be simple and relevant to the service or product being provided.

In 1999-2000, CFIA collected a total of over $53 million in user-fee revenues, an increase of $3.5 million or seven percent over the previous fiscal year. This increase reflects a greater demand for CFIA services; individual fees were not increased. The Minister of Agriculture and Agri-Food recently announced a freeze of mandatory fees pending review.

Appendix 6 provides a breakdown of service fees by program for 1999-2000 and for 1998-1999

2.9 Management Responsibility for Performance Reporting

The *Canadian Food Inspection Agency Act* (CFIA Act) sets out a requirement for tabling an Annual Report in Parliament. In accordance with the CFIA Act, this report must include information about the Agency's performance with respect to the objectives established in the corporate business plan and a summary statement of the assessment of the Office of the Auditor General (OAG) of the fairness and reliability of the performance information. **The role of the OAG is to assess only the fairness and reliability of the information, not to assess or comment on the Agency's actual performance.**

The performance information contained in this report has been prepared and presented in accordance with Treasury Board policies on reporting to Parliament. Since its inception in 1997, the Agency has continued to make progress in measuring and reporting performance information. In the past year the Agency redesigned its business line structure and performance reporting framework. The new framework, the Chart of Key Results Commitments (found in Section 2), provides the platform for performance reporting for the Agency. A new Planning, Reporting and Accountability Structure (PRAS), updated to reflect the business line structure and reporting framework, has been approved by the Treasury Board. The new PRAS establishes a stable foundation for further development of performance reporting by the Agency.

CFIA is responsible for the accuracy and completeness of the performance information in the report. The information is also reported in the Agency's Performance Report and forms part of the Government of Canada's budgetary approval process and is tabled in Parliament. The information is derived from Agency information systems that collect a wide range of information on Agency activities, outputs and outcomes. The completeness and accuracy of this information has been verified by CFIA management.

Agency management has serious concerns with the balance and supporting evidence of several of the statements in the assessment of performance information by the OAG. We agree with some of the concerns raised by the assessment and are actively pursuing improvements designed specifically to address these issues. Our response to the assessment, organized by the criteria defined by the OAG, is summarized as follows:

An in-depth review by the OAG confirmed the accuracy of the performance information presented in the Annual Report.

Relevant, outcome information is reported in ten of the eleven areas on which we report. The reported information adheres to the Chart of Key Results Commitments, approved by the Agency and the Treasury Board.

To provide a clear performance story, benchmarks are provided whenever possible, generally through reporting multi-year results. We agree with the OAG that work is required to provide performance expectations.

The report notes the contribution of other parties in the complex fields of food safety and animal and plant health. We have confined our reporting to outcomes that are attributable to the efforts of Agency staff.

The report provides information on the full range of Agency performance, following the reporting strategy defined by the Chart of Key Results Commitments. Compliance rates have been fully reported, including instances in which rates have fallen.

The Agency continues to seek clarification from the OAG on the 'model' of performance management which they envisage for the Agency and to which they hold the Agency accountable. In the dynamic environment of a regulatory science-based organization, performance measurement presents unique and complex challenges that require practical solutions. The Agency is actively addressing these challenges.

Section 2 of this Annual Report fulfils CFIA's statutory requirement to report the Agency's performance information. The full assessment of the OAG follows the performance report.

Ronald L. Doering

AUDITOR GENERAL OF CANADA **VÉRIFICATEUR GÉNÉRAL DU CANADA**

AUDITOR GENERAL'S ASSESSMENT
of Performance Information

Purpose

The *Canadian Food Inspection Agency Act* requires the Auditor General of Canada to assess the fairness and reliability of the performance information in the Agency's annual report against the annual and overall objectives established in its corporate business plan.

Scope

The corporate business plan and the performance information in the annual report are the responsibility of Agency management. The responsibility of the Office of the Auditor General is to provide an assessment of the fairness and reliability of the Canadian Food Inspection Agency's (CFIA) performance information. Our role is not to assess or comment on the Agency's actual performance.

We assessed the report against the criteria of relevant, meaningful, attributable, accurate and balanced performance information. The criteria and scope of the assessment are described in more detail in Annex I.

Assessment

As an agency, the CFIA has certain financial, human resource and contracting freedoms not enjoyed by government departments. In return, it is subject to additional accountability provisions, including the statutory requirement to report performance in its annual report.

Our assessment found that the Agency's reporting still does not provide the type of performance information we believe is anticipated by the *Canadian Food Inspection Agency Act.* The information does not yet provide a clear and complete picture of the Agency's performance to allow readers to judge the extent to which it is meeting its objectives.

Only some relevant accomplishments are reported. Much of the information the Agency has reported consists of its various activities and outputs. Although some outcomes are reported in almost all areas, a number of important outcomes where measurement is feasible are missing. For example, "appropriate" response to food emergencies is stated as one of the expected results of emergency management, but actual performance is reported only by way of two examples.

Meaningful performance expectations are not provided. The *Canadian Food Inspection Agency Act* requires that the corporate business plan state performance expectations as well as annual and overall objectives. In this third annual report, the Agency still does not provide clear and concrete performance expectations. In contrast, agencies with similar functions in some other countries have established qualitative and quantitative targets.

Without clearly stated, concrete expectations with specified time frames, readers lack the necessary basis to conclude whether the Agency's performance has been satisfactory.

Better information to understand the extent to which accomplishments are attributable to the Agency would improve the report. In its report, the Agency acknowledges the involvement of other parties in its areas of responsibility. Where outcomes are reported, however, further discussion of other factors that may have contributed would improve the report.

Data presented are reasonably accurate. With a few exceptions, the data are timely, reflecting the most recent year. The performance data we reviewed were adequately supported by references to the Agency's data sources and other evidence. Nevertheless, some explanations of the relative strengths or limitations of the data could improve the report.

Gaps in reported information lead to an incomplete and unbalanced report. There are numerous key aspects of performance that are not reported or are reported for some programs but not for others. There is little discussion or analysis to help readers interpret the significance of the information that is provided. Year-over-year comparisons are provided in some cases but not in others. Progress on a few key initiatives in the corporate business plan is not reported. Compliance rates are used throughout the report, but are meaningful only if there is also information about the Agency's effectiveness in detecting non-compliance. Without such information, compliance or rejection rates do not provide a complete measure of performance.

The Agency continues to report on a three-year cycle, with the performance of different programs reported on an annual, biennial or triennial basis. The Agency should report key aspects of its performance each year, though more detailed information could be reported cyclically in particular areas. Agency officials told us that they agree, and intend to change their reporting in the future.

Of particular concern is the lack of information on problems the Agency may have encountered or on aspects of performance that may have been less than satisfactory-information that parliamentarians have repeatedly asked organizations to provide. The omission of such information leads to an unbalanced report and detracts from its credibility.

Despite past commitments, only modest improvements have been made. We are concerned about the slowness of improvement. In its Annual Report for 1997-1998, the Agency committed to developing its performance management and reporting system within three years. In last year's annual report, it revised this commitment, saying that a minimum of four to five years would be required. Current internal plans indicate that this target has slipped further, by a year. The Agency also indicated in last year's annual report that it would develop detailed performance management frameworks for two or three programs during 1999-2000. Work began in two programs, but the Agency recognized that more fundamental changes to its overall performance management framework were required. As a result, the Agency has undertaken important work toward developing a new performance management framework that it believes will significantly improve future performance reports. For example, the Agency is now revising its system of internal performance reporting. Although the work is moving the Agency in the right direction, the CFIA agrees that much more work needs to be done.

The main improvement this year is the addition of highlights of accomplishments and a chart of key result commitments. While these changes partially address our previous concerns about the need to summarize reported information against objectives, they do not significantly improve the annual report's performance information. As well, one area that last year we noted had improved - human resource performance reporting - is weaker this year.

Conclusion

The performance report of the Canadian Food Inspection Agency for the period ended 31 March 2000 shows little improvement over last year's report. The work in the past year shows some promise but has not yet significantly improved the performance information reported, and the concerns that we expressed in previous assessments remain. In conclusion, the performance information provided in the annual report does not yet provide a clear and complete picture of the Agency's performance to allow readers to judge the extent to which the Agency is meeting its objectives.

Signed

Sheila Fraser

Sheila Fraser, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
28 September 2000

ANNEX I

Criteria and Scope for the Assessment of Fairness and Reliability
Office of the Auditor General

Criteria

The following criteria were developed as a means of assessing the fairness and reliability of the information about the Agency's performance with respect to the objectives in its corporate business plan. They were discussed with the Agency. The criteria address two major concerns: first, has the Agency reported on its performance with respect to its objectives, and second, is the reported information fair and reliable? Performance information with respect to objectives is fair and reliable if it enables Parliament and the public to judge how well the entity or program in question is performing against the objectives it set out to accomplish.

Relevant	The performance information should report tangible and significant accomplishments against objectives.
Meaningful	The performance information should, in addition to being relevant, tell a clear performance story, describing the benchmark against which the reported performance is to be interpreted.
Attributable	The performance information should demonstrate in a reasonable fashion the contribution to the reported accomplishments made by the activities of the program or entity.
Accurate	The performance information should adequately reflect facts, to an appropriate level of accuracy.
Balanced	The performance information should provide a representative yet clear picture of the full range of performance, which does not mislead the reader.

In applying these criteria, we fully appreciate the challenges and the time needed to implement robust and useful performance measures and to develop a credible analysis and articulation of the contributions made to outcomes. However, we would expect to see noteworthy improvement each year in meeting these criteria. More information on the criteria is available on our Web site at www.oag-bvg.gc.ca

The work reported in this assessment was conducted in accordance with the policies and practices of the Office of the Auditor General of Canada. These policies and practices embrace the standards for assurance engagements recommended by the Canadian Institute of Chartered Accountants.

Scope

The Agency has reported its performance in section 2.0 of its annual report titled "Agency Performance". Our assessment covers only that section, but does not include the case studies and testimonials in the text boxes. To assess this additional information adequately would require a separate examination. We did not assess section 4.0, "Consolidated Reporting", which provides largely descriptive information on various miscellaneous activities of the Agency. We did review the entire report for consistency with the performance information.

Included in this annual report is an update of the Agency's corporate business plan. We did not assess the clarity of performance expectations or other aspects of this update, because the performance reported in the annual report is linked to the previous plan.

Canadian Food Inspection Agency
Agence canadienne d'inspection des aliments

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Financial Performance

CANADIAN FOOD INSPECTION AGENCY

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the Canadian Food Inspection Agency (the "Agency") is responsible for the preparation of all information included in its financial statements and Annual Report. These reports are legislated requirements as per Section 23 of the *Canadian Food Inspection Agency Act*. The accompanying financial statements have been prepared in accordance with generally accepted accounting principals as per the Section 31 of the *Canadian Food Inspection Agency Act*. The significant financial statement accounting policies are identified in note 2.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts which provides a centralized record of the Agency's financial transactions. Financial information and operating data contained in the ministry statements and elsewhere in the *Public Accounts of Canada* is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that the financial information is reliable and that assets are safeguarded, that transactions are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by the careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communications programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the Agency.

The Auditor General of Canada conducts an independent audit and expresses an opinion on the financial statements.

Ronald L. Doering
President

J.Jones
A/Comptroller

Ottawa, Canada
September 8, 2000

AUDITOR GENERAL OF CANADA
VÉRIFICATEUR GÉNÉRAL DU CANADA

AUDITOR'S REPORT

To the President of the Canadian Food Inspection Agency and
the Minister of Agriculture and Agri-Food

I have audited the statement of financial position of the Canadian Food Inspection Agency as at March 31, 2000 and as at March 31, 1999 and the statements of operations, equity of Canada and cash flows for the years then ended. These financial statements are the responsibility of the Agency's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2000 and as at March 31, 1999 and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

Sheila Fraser

Sheila Fraser, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
September 8, 2000

CANADIAN FOOD INSPECTION AGENCY

Statement of Financial Position

As at March 31
(In thousands of dollars)

	2000	1999
Assets		
Current assets:		
Cash entitlements	$ 27,673	$ 28,123
Accounts receivable	8,628	5,444
Consumable supplies (note 5)	1,226	1,369
	37,527	34,936
Capital assets (note 6)	150,873	154,231
	$ 188,400	$ 189,167
Liabilities and Equity of Canada		
Current liabilities:		
Accounts payable and accrued liabilities	$ 27,169	$ 27,534
Vacation pay	15,777	13,459
Deferred revenue (note 7)	1,116	1,016
Current portion of employee termination benefits	3,983	2,179
	48,045	44,188
Employee termination benefits	23,075	21,919
Equity of Canada	117,280	123,060
	$ 188,400	$ 189,167

Commitments and contingencies (note 13)
Subsequent event (note 14)

See accompanying notes to financial statements.

Approved by:

Ronald L. Doering President	J. Jones Acting Comptroller

CANADIAN FOOD INSPECTION AGENCY
Statement of Operations

Year ended March 31
(In thousands of dollars)

	2000	1999
		Restated (note 3)
Revenue:		
Fees, permits and certificates:		
Inspection fees	$ 39,888	$ 37,305
Registrations, permits, certificates	7,343	6,543
Miscellaneous fees and services	3,499	3,438
Establishment licence fees	2,438	2,566
Grading	325	236
Other:		
Gains on disposal of capital assets	384	472
Administrative monetary penalties	124	90
Interest on overdue accounts	48	126
Total revenues	54,049	50,776
Expenses:		
Operating and administration:		
Salaries and employee benefits	305,758	269,609
Professional and special services	20,502	22,127
Travel and relocation	18,102	14,699
Accommodation	16,131	16,110
Amortization of capital assets	11,507	12,510
Utilities, materials and supplies	10,964	14,864
Repairs	8,728	3,897
Furniture and equipment	6,782	3,441
Employee termination benefits	4,745	7,218
Communication	3,982	3,778
Miscellaneous	1,862	412
Information	1,704	1,512
Equipment rentals	1,492	1,125
	412,259	371,302
Grants and contributions:		
Compensation payments (note 9)	3,875	3,391
Other	122	24
	3,997	3,415
Total expenses	416,256	374,717
Net cost of operations	$ (362,207)	$ (323,941)

See accompanying notes to financial statements.

CANADIAN FOOD INSPECTION AGENCY
Statement of Equity of Canada

As at March 31
(In thousands of dollars)

	2000	1999
Equity of Canada, beginning balance	$ 123,060	$ 132,691
Net cost of operations	(362,207)	(323,941)
Parliamentary appropriations used (note 4):		
Operating	324,005	279,644
Capital	4,464	5,466
	328,469	285,110
Services provided without charge by other government departments	27,958	29,200
Equity of Canada, ending balance (note 8)	$ 117,280	$ 123,060

See accompanying notes to financial statements.

CANADIAN FOOD INSPECTION AGENCY
Statement of Cash Flows

Year ended March 31
(In thousands of dollars)

	2000	1999
Cash provided by (used in):		
Operating activities:		
Net cost of operations	$ (362,207)	$ (323,941)
Non-cash items:		
Amortization of capital assets	11,507	12,510
Services provided without charge by other government departments	27,958	29,200
Net change in non-cash working capital	816	(1,172)
Increase (decrease) in employee termination benefits	1,156	(1,561)
	(320,770)	(284,964)
Investing activities:		
Acquisition of capital assets	(8,533)	(7,881)
Proceeds from disposal of assets	384	472
	(8,149)	(7,409)

Financing activities:		
Parliamentary appropriations - operating	324,005	279,644
Parliamentary appropriations - capital	4,464	5,466
	328,469	285,110
Cash used in year	(450)	(7,263)
Cash entitlements, beginning of year	28,123	35,386
Cash entitlements, end of year	$ 27,673	$ 28,123

See accompanying notes to financial statements.

CANADIAN FOOD INSPECTION AGENCY
Notes to Financial Statements

Year ended March 31, 2000
(Tabular amounts in thousands of dollars)

1. Authority and purposes:

The Canadian Food Inspection Agency (the "Agency") was established, effective April 1, 1997, under the *Canadian Food Inspection Agency Act*. The Act consolidates all federally mandated food and fish inspection services and federal animal and plant health activities into a single agency.

The Agency is a departmental corporation named in Schedule II to the *Financial Administration Act* and reports to Parliament through the Minister of Agriculture and Agri-Food.

The mandate of the Canadian Food Inspection Agency is to enhance the effectiveness and efficiency of federal inspection and related services for food and animal and plant health. The objectives of the Agency are to contribute to a safe food supply and accurate product information; to contribute to the continuing health of animals and plants; and to facilitate trade in food, animals, plants, and related products.

The Agency is responsible for the administration and enforcement of the following acts: *Agriculture and Agri-Food Administrative Monetary Penalties Act, Canada Agricultural Products Act, Canadian Food Inspection Agency Act, Feeds Act, Fertilizers Act, Fish Inspection Act, Health of Animals Act, Meat Inspection Act, Plant Breeders' Rights Act, Plant Protection Act,* and *Seeds Act*.

In addition, the Agency is responsible for enforcement of the *Consumer Packaging and Labelling Act* and the *Food and Drugs Act* as they relate to food and the administration of the provisions of the *Food and Drugs Act* as they relate to food, except those provisions that relate to public health, safety, or nutrition.

The Minister of Health remains responsible for establishing policies and standards relating to the safety and nutritional quality of food sold in Canada. The Minister of Health is also responsible for assessing the effectiveness effectiveness of the Agency's activities related to food safety.

Operating and capital expenditures are funded by the Government of Canada through a budgetary lapsing authority. Compensation payments under the *Health of Animals Act* and the *Plant Protection Act* and employee benefits are authorized by separate statutory authorities. Revenues received through the conduct of its operations operations are deposited to the Consolidated Revenue Fund and are available for use by the Agency.

2. Significant accounting policies:

The financial statements are prepared in accordance with generally accepted accounting principles as required under Section 31 of the *Canadian Food Inspection Agency Act.* Significant accounting policies are as follows:

(a) Parliamentary appropriations:

The Agency is mainly financed by the Government of Canada through parliamentary appropriations. Parliamentary appropriations provided and used for operating expenditures as well as those for capital expenditures are recorded directly to Equity of Canada.

(b) Revenue recognition:

Revenues for fees, permits and certificates are recognized in the accounts based on the service provided in the Agency's fiscal year.

Funds received from external parties for specified purposes are recorded upon receipt as deferred revenue. Revenue from external parties for specified purposes is recognized in the period in which the related expenses are incurred.

(c) Consumable supplies:

Consumable supplies consisting of laboratory materials, supplies and livestock are recorded at cost. The cost of the consumable supplies is charged to operations in the period in which the items are consumed.

(d) Capital assets:

Capital assets are recorded at historical cost or management's estimated historical cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Useful life
Buildings	20-30 years
Machinery and equipment	5-15 years
Computer equipment and software	3-5 years
Vehicles	7-10 years

Capital assets transferred to the Agency from Agriculture and Agri-Food Canada, Health Canada and the Department of Fisheries and Oceans on April 1, 1997 were recorded at their historical cost less estimated amortization at that date.

(e) Employee termination benefits and vacation pay:

Employee termination benefits and vacation pay are expensed as the benefits accrue to employees under their respective terms of employment.

The employee termination benefits liability is estimated based on the respective terms of employment using the employees' salary levels at year-end. The liability for vacation pay is calculated at the salary levels in effect at the end of the year for all unused vacation pay benefits accruing to employees.

Employee termination benefits and vacation pay liabilities payable on cessation of employment represent obligations of the Agency that are normally funded through the Treasury Board.

The Canadian Institute of Chartered Accountants has approved a new standard for recording and disclosing future employee benefits, which must be adopted beginning with the Agency's March 31, 2001 fiscal year end. The overall impact of the new standard is not determinable at this time, however it could be significant.

(f) Services provided without charge by other Government departments:

Estimates of amounts for employee benefits, accommodation and other services provided without charge by other other Government departments are recorded as operating and administrative expenses by the Agency. A corresponding amount is credited directly to Equity of Canada.

(g) Contributions to Public Service Superannuation Plan:

The Agency's eligible employees participate in the Public Service Superannuation Plan administered by the Government of Canada. Both the employees and the Agency contribute to the cost of the Plan. Contributions by the Agency are expensed in the year incurred.

The Agency is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Plan.

(h) Measurement uncertainty:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Employee termination benefits, contingencies and the valuation of capital assets are the most significant items where estimates are used. Actual amounts could differ from the current estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period in which they become known.

3. Changes in accounting policies:

Section 31 of the *Canadian Food Inspection Agency Act*, which requires the preparation of financial statements in accordance with Canadian generally accepted accounting principles came into force on March 29, 2000 effective for the year ended March 31, 2000. The Agency has adopted generally accepted accounting principles in the March 31, 2000 year ended financial statements in accordance with the Act. These changes have been affected on a retroactive basis as follows:

(a) Financial statement presentation:

In prior years, the Agency's financial statements consisted of a statement of operations and notes to the statement. The Agency's March 31, 2000 financial statements contain a statement of financial position, a statement of operations, a statement of Equity of Canada, a statement of cash flows and notes to the financial statements.

(b) Parliamentary appropriations:

In prior years, parliamentary appropriations were disclosed and reconciled to the net cost of operations in a note to the statement of operations. During the year, the Agency retroactively changed its accounting policy for parliamentary appropriations to that described in note 2(a). The effect of this change is to record parliamentary appropriations directly to Equity of Canada in the amount of $328,469,000 (1999 - $285,110,000).

(c) Revenue recognition:

In prior years, the Agency recognized its revenue for fees, permits, certificates and other services in the fiscal year that payment was received. During the year, the Agency retroactively changed its revenue recognition policy to that described in note 2(b). The effect of this change is to increase (decrease) revenues by $4,300,000 (1999 - $(15,000)). This considers the effect of the change in accounting policy for specified purpose accounts as described in note 3(d).

(d) Specified purpose accounts:

In prior years, revenues and expenditures related to the specified purpose accounts were not recorded in the statement of operations. During the year, the Agency retroactively changed its policy for accounting for the specified purpose accounts. The revenues and expenses are now recorded in the statement of operations. The effect of this change is to increase revenues and expenses by $1,116,000 (1999 - $936,000).

(e) Salaries and employee benefits:

In prior years, the Agency recognized expenditures relating to employee accumulated vacation pay on the cash basis. During the year, the Agency retroactively changed its accounting policy with respect to employee accumulated vacation pay to that described in note 2(e). The effect of this change is to increase expenses by $2,318,000 (1999 - $2,897,000).

(f) Employee termination benefits:

In prior years, the Agency recognized expenditures relating to employee termination benefits on the cash basis. During the year, the Agency retroactively changed its accounting policy with respect to employee termination benefits to that described in note 2(e). The effect of this change is to increase expenses by $2,960,000 (1999 - $1,540,000).

(g) Consumable supplies:

In prior years, the Agency expensed consumable supplies items in the period of purchase. During the year, the Agency retroactively changed its accounting policy with respect to inventories to that described in note 2(c). The effect of this change is to increase expenses by $143,000 (1999 - $175,000).

(h) Capital assets:

In prior years, purchases of capital assets were charged to operating expenditures in the year of acquisition. For fiscal 2000, the Agency retroactively changed its policy of accounting for capital assets. The costs are now capitalized and amortized over their estimated useful lives as detailed in note 2(d). During the year, capital asset acquisitions in the amount of $8,533,000 (1999 - $7,881,000) which would have previously been expensed have been capitalized. Amortization expense in the amount of $11,507,000 (1999 - $12,510,000) has been recorded in the statement of operations. The effect of these changes is to increase expenses by $2,974,000 (1999 - $4,629,000).

The cumulative effect of the changes in accounting policies and other restatements on the 1999 comparative amounts in the statement of operations are as follows:

	1999		
	As previously reported	Adjustments	As restated
Revenues:			
Fees, permits and certificates	$ 49,710	$ 378	$ 50,088
Other	1,081	(393)	688
	50,791	(15)	50,776
Expenses:			
Salaries and employee benefits	266,712	2,897	269,609
Utilities, materials and supplies	13,927	937	14,864
Accommodation	13,114	2,996	16,110
Furniture and equipment	10,764	(7,323)	3,441
Employee termination benefits	5,678	1,540	7,218
Other operating and administration	47,863	(313)	47,550
Grants and contributions	3,415	–	3,415
Amortization of capital assets	–	12,510	12,510
	361,473	13,244	374,717
Net cost of operations	$ (310,682)	$ (13,259)	$ (323,941)

4. Parliamentary appropriations:

The Agency receives the majority of its funding through Parliamentary appropriations, which is based primarily on cash flow requirements. Items recognized in the statement of operations and the statement of Equity of Canada in one year may be funded through Parliamentary appropriations in prior and future years. Accordingly, the Agency has different net results of operations for the year on a government funding basis than on a generally accepted accounting principles basis. These differences are reconciled below.

(a) Reconciliation of net cost of operations to total Parliamentary appropriations used:

	2000	1999
Net cost of operations	$ 362,207	$ 323,941
Less: expenses not requiring use of appropriations:		
Amortization of capital assets	(11,507)	(12,510)
Services provided without charge by other Government departments	(27,958)	(29,200)
	322,742	282,231
Proceeds from disposal of assets	(384)	(472)
Net changes in future funding requirements	(2,422)	(4,530)
Capital asset acquisitions funded by operating appropriation	4,069	2,415
Funded by operating appropriations	324,005	279,644
Capital asset acquisitions funded by capital appropriation	4,464	5,466

Total parliamentary appropriations used	$ 328,469	$ 285,110

(b) Reconciliation of Parliamentary appropriations voted to Parliamentary appropriations used:

	2000	1999
Parliamentary appropriations - voted:		
Vote 20 - Operating expenditures	$ 328,604	$ 298,318
Statutory contributions to employee benefit plans	44,985	45,188
Statutory compensation payments	3,875	3,391
	377,464	346,897
Vote 25 - Capital expenditures	15,465	11,507
	392,929	358,404
Less:		
Lapsed appropriation - operating	(2,517)	(16,462)
Lapsed appropriation - capital	(11,001)	(6,041)
	379,411	335,901
Less: non-tax revenues received	(50,942)	(50,791)
Total parliamentary appropriations used	$ 328,469	$ 285,110

5. Consumable supplies:

Consumable supplies consist of the following:

	2000	1999
Laboratory materials and supplies	$ 926	$ 1,069
Livestock	300	300
	$ 1,226	$ 1,369

6. Capital assets:

	2000			1999		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value

Land	$ 1,394	$	$ 1,394	$ 1,394	$	$ 1,394
Buildings	218,688	97,932	120,756	217,834	90,996	126,838
Machinery and equipment	26,328	14,817	11,511	25,008	13,979	11,029
Computer equipment and software	15,587	4,704	10,883	11,860	3,232	8,628
Vehicles	17,463	11,134	6,329	16,740	10,398	6,342
	279,460	128,587	150,873	272,836	118,605	154,231

Net capital asset acquisitions of $6,624,000 for the 2000 fiscal year include $8,533,000 of additions and $1,909,000 of disposals.

7. Deferred revenue:

The Agency conducts joint projects with external organizations related to food inspection and animal and plant health. Funds received from external organizations are administered through specified purpose accounts.

	2000	1999
Balance, beginning of year	$ 1,016	$ 733
Add amounts received from external organizations	1,216	1,219
Less revenues recognized in the year	(1,116)	(936)
Balance, end of year	$ 1,116	$ 1,016

8. Equity of Canada:

Included in the Equity of Canada as at March 31 is $(33,593,000) (1999 – $(31,171,000)) which represents transactions, incurred by the Agency to provide services, that have not yet been funded. Significant components of this amount are employee termination benefits and vacation pay liabilities. These will need to be funded by Treasury Board in future years as they are paid.

9. Compensation payments:

The *Health of Animals Act* and the *Plant Protection Act* allow for the Minister, via the Agency, to compensate owners of animals and plants destroyed pursuant to the Acts. During the year, compensation payment expenses incurred pursuant to the *Health of Animals Act* totaled $3,875,000 (1999 - $3,391,000).

10. Year 2000 repayable appropriation:

In order to finance the Agency's requirements with respect to the Year 2000 Government Wide Mission Critical Systems, the Agency negotiated an appropriation with the Treasury Board in the amount of $15,400,000. The appropriation was to be used to finance the Agency's requirements to upgrade and/or replace existing systems, equipment, computer applications and infrastructure components that were not Year 2000 compliant.

For fiscal 2000, the Agency received the authority to spend $3,530,000 (1999 - $11,250,000) with respect to the Year 2000 Government Wide Mission Critical Systems which is reflected in the total amount disclosed for the 1999 Vote 20 - Operating expenditures in note 5. As at March 31, 2000, the Agency had drawn $4,519,000 (1999 - $7,400,000) against this authority.

The appropriation is repayable in three equal annual instalments beginning in the fiscal year 2000-2001 through a mandatory decrease in the Agency's parliamentary appropriations in three payment years.

11. Advisory board:

Pursuant to Section 10 of the *Canadian Food Inspection Act, 1997,* the Minister of Agriculture and Agri-Food has appointed an advisory board to advise the Minister on any matter within the responsibility of the Agency. Direct expenses relating to the board's activities amounted to $32,798 (1999 - $45,992) and are included in the statement of operations.

12. Related party transactions:

The Agency is related in terms of common ownership to all Government of Canada departments, agencies, and Crown corporations. The Agency enters into transactions with these entities in the normal course of business and on normal trade terms applicable to all individuals and enterprises. In addition, the Agency has several agreements with Agriculture and Agri-Food Canada related to the operation of their finance and administrative systems and some administrative activities with Health Canada related to the operations and maintenance of the Winnipeg Laboratory.

Also, during the year, the Agency received utilities, rental of space, assets and services which were obtained without charge from other government departments and agencies.

The above transactions have been recorded in the Agency's statement of operations as follows:

	2000	1999
Public Works and Government Services Canada	$ 29,044	$ 23,320
Treasury Board	13,609	13,713
Agriculture and Agri-food Canada	9,036	–
Health Canada	2,066	3,176
Human Resources Canada	–	1,600
Department of Justice	962	725
Other	2,244	1,520
	$ 56,961	$ 44,054

13. Commitments and contingencies:

(a) The Agency has commitments on capital projects of approximately $4,366,100 for the 2001 fiscal year.

(b) The Agency is a defendant in certain cases of pending and threatened litigation which arose in the normal course of operations. The total face value of claims is estimated at $175,500,000 (1999 - $175,600,000). Management has recognized as an accrual their best estimate of the liability and they do not believe this will be significantly higher in the future.

(c) The Agency has developed a plan to complete environmental site assessments for various sites over the next year. The nature and extent of contamination, if any, is not determinable at this time. However, management believes the amounts will not be significant. Accordingly, no amounts have been recorded in the financial statements.

(d) The Agency does not carry insurance on its property. This is in accordance with the Government of Canada policy of self insurance.

14. Subsequent event - pay equity:

Treasury Board Secretariat and the Public Service Alliance of Canada reached an agreement on the implementation of the Canadian Human Rights Tribunal pay equity ruling of July 29, 1998. In July 2000, Treasury Board announced this agreement would be extended to employees of the Agency who are members of the groups included in the pay equity ruling. An estimate of the amount owed to employees, related to this decision, has not yet been determined.

As a result, no amounts have been recorded in the financial statements. Amounts owed to employees related to this decision will be funded by Treasury Board.

Date Modified: 2000-09-29

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Important Notices

Canadian Food Inspection Agency
Agence canadienne d'inspection des aliments
Canada

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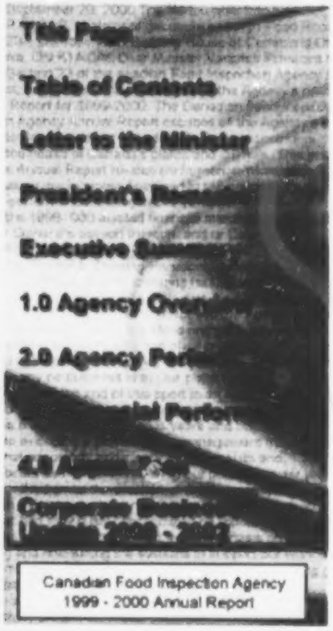


Canadian Food Inspection Agency
1999 - 2000 Annual Report

Corporate Business Plan Update 2000 – 2002

Protecting Canada's food, animals and plants – today and tomorrow

CFIA's Commitments

- 1.0 Food
- 2.0 Animal Health
- 3.0 Plant Protection
- 4.0 Crosscutting Initiatives

Conclusion

CANADIAN FOOD INSPECTION AGENCY

The *Canadian Food Inspection Agency Act* requires that the Agency produce a Corporate Business Plan at least once every five years.

Our first Business Plan covered three years, 1997 - 2000.

A Business Plan update for the next two years is herein submitted, and as permitted by the Act, forms a part of this Annual Report.

The Agency's budget for each year of the Business Plan update can be found in the 2000-2001 Report on Plans and Priorities (RPP). The RPP was tabled in Parliament in March, 2000. It can be found at http://www.cfia-acia.agr.ca

PROTECTING CANADA'S FOOD, ANIMALS AND PLANTS - TODAY AND TOMORROW

The Canadian Food Inspection Agency, created in 1997, delivers federal inspection services related to food safety, safety, plant protection and animal health. We do this under the authority of 13 federal acts and 34 sets of regulations and meet our responsibilities through 14 distinct programs. We are Canada's largest science-based regulator.

Our story is about serving Canadians — enhancing their quality of life now and in the future. We are over 4,400 highly-trained employees including front-line inspectors and veterinarians, scientists, support staff, computer systems specialists, communications experts and financial officers. We work across Canada in a variety of settings including field offices, food processing facilities, laboratories and research facilities.

Many of us are involved with food, all types of food: fresh and processed; domestically produced and imported; fruits; vegetables; meats; fish; dairy products; eggs; and honey. Safety is our first priority. Other government jurisdictions, as well as producers, processors, distributers and retailers, are also concerned about safety. As federal regulators however, our role in contributing to the safety of food is clear — when federal standards for safety are not met, we use the substantial powers of the Agency, up to and including prosecution, to enforce those standards. We also use our powers as a means to enforce fair and accurate representation of food products in the marketplace. We subscribe to science-based principles that identify and correct potential food processing trouble spots before they become a problem. CFIA also takes an active role in consumer education on the safe handling and preparation of food. When food emergencies occur, we act as quickly and decisively as possible to prevent their spread and, afterwards, take action to reduce the likelihood of their recurrence.

While the Agency's food safety activities have a relatively high profile, we also do very important work to protect Canada's plant and animal resource base — its crops, forests, and livestock — from diseases and pests. We are vigilant at our borders to minimize the possibility of intrusion of such threats and we carry out inspection, audit and testing activities to detect and manage diseases and pests within our borders. The stakes are very high: failure to do this work effectively could, in some cases, impact the health of humans and could be catastrophic for Canadian producers, entire industries and the Canadian economy as a whole.

In no small part due to the quality of our inspection system, Canada has a reputation throughout the world for producing safe food and having plants and animals that are largely free of reportable diseases and pests. As a result, our products have ready access to international markets.

However, our successes do not mean that the Agency can afford to be complacent. On the contrary, we are faced with an increasing number of new challenges: an influx of products not traditionally available in Canada; exotic plant and animal pests and diseases from around the world; increased international trade; technological advances including biotechnology; more and more new processed products; expanding venues for retailing food products; and increasingly complex international regulation.

In the years ahead, in order to meet our responsibilities and the considerable challenges with which we are faced, faced, we will continue to focus our efforts on the design and delivery of effective inspection and enforcement services; work to strengthen coordination, cooperation and understanding between jurisdictions and with all of our other partners, including consumers and industry; support state-of-the-art science and the incorporation of science advice into sound policy and decision-making; keep abreast and take advantage of the opportunities posed by advancing technology; and strengthen links and networks with national and international standard-setting bodies. We are committed to make this happen.

CFIA's COMMITMENTS

Food safety in Canada is a shared responsibility between CFIA and Health Canada, provincial/territorial governments, producers, processors, distributors and retailers. Consumers also play a key role in the food safety chain.

Protection of Canada's plant and animal resource base is a cooperative effort between CFIA and other federal government departments, different levels of government, industry, international regulatory bodies and foreign governments as well as producers.

While the environment is complex, the Agency's areas of responsibility are clearly defined. Based on these responsibilities, our commitments and their anticipated results are as follows:

Chart of Key Results Commitments

To provide Canadians with :	To be demonstrated by:
1. Safe food and fair labelling practices	1.1 timely and appropriate response to food emergencies 1.2 industry adoption of science-based compliance practices, for example, HACCP 1.3 compliance with federal standards for food safety on domestic and imported products 1.4 enhanced consumer awareness and knowledge of food safety issues and practices 1.5 effective standards and activities to deter deceptive practices 1.6 Canadian food products meeting other governments' science-based food safety requirements and contributing to the development of jointly-agreed operational methods and procedures
2. Protection of the health of animals and prevention of the transmission of animal diseases to humans	2.1 effective standards and enforcement approaches to control the entry into Canada and domestic spread of regulated animal diseases 2.2 effective control of the transmission of animal diseases to humans 2.3 compliance of livestock feeds with federal standards for safety, efficacy and labelling 2.4 Canadian animals and their products meeting other governments' science-based animal health requirements and contributing to the development of jointly-agreed operational methods and procedures
3. Protection of the plant resource base from regulated pests and diseases	3.1 effective standards and enforcement approaches to control the entry into Canada and domestic spread of regulated plant diseases and pests 3.2 compliance of seed and fertilizer with federal standards for safety, product and process 3.3 Canadian plants and their products meeting other governments' science-based plant protection requirements and contributing to the development of jointly-agreed operational methods and procedures

1.0 FOOD

***Our Commitment:* Safe food and fair labelling practices**

CFIA has the authority to carry out legislated activities related to the safety and quality of food sold, manufactured, prepared, processed and packaged for sale in Canada. These activities include policy and standards development, monitoring, inspecting, testing,

Food Safety Programs

- Meat Hygiene

and taking enforcement action.

The following is a description of how we will meet our safe food and fair labelling practices commitment.

1.1 Timely and appropriate response to food emergencies

When food emergencies occur, the Agency's highest priority is to prevent illness and save lives. Our emergency response teams are ready to be called into action 24 hours a day, seven days a week.

- Fish
- Egg
- Dairy
- Honey
- Fresh Fruit and Vegetables
- Processed Products
- Food Safety Investigation
- Fair Labelling Practices

The Office of Food Safety and Recall (OFSR), which is CFIA's decision-making centre for managing food emergencies, will continue to examine emergency response processes and coordination with a view to continuously improve our ability to respond in a timely, appropriate and consistent manner. The OFSR will also continue to offer a single point of contact for international food emergency offices.

CFIA will provide its field officers with science support, including the new knowledge, skills and tools, to contain and investigate outbreaks of food-borne illnesses due to *Salmonella*, *E. coli*, and other pathogens.

We will further refine our highly developed emergency communication systems to provide consumers with rapid information and answers during food emergencies. We will also improve the tracking of complaints and incidents by strengthening our Issues Management System.

The Agency will continue to work closely with Health Canada and provincial and territorial counterparts to improve coordination efforts in response to food emergencies. In particular, we will continue to work with these organizations on the finalization and implementation of the Food-borne Illness Outbreak Response Protocol. The Agency will also continue to address how to best share database information and is looking at the feasibility of linking to the databases of other public health partners, such as Health Canada, as a means to enhance public safety when food crises occur.

1.2 Industry adoption of science-based compliance practices, for example Hazard Analysis Critical Control Point (HACCP)

One of the most effective ways CFIA can improve consumer protection is by promoting prevention. Accordingly, the Agency actively promotes industry use of Hazard Analysis and Critical Control Point (HACCP) principles. These science-based principles are internationally recognized as the best means to prevent food safety problems – whether they are biological, physical, chemical or other safety hazards. In HACCP-based systems, the Agency's and industry's primary goal is to identify and control key hazards in the food production process and then to prevent problems by monitoring these "critical points".

> **Poultry inspection moves into a new era**
>
> Ultra-modern, high-speed processing technologies, coupled with a better understanding of poultry safety risks, are changing the nature of poultry inspection in Canada. In 1996, CFIA launched the Modernized Poultry Inspection Program (MPIP), which reduces the risk of bacterial contamination by expanding the use of microbiological testing, statistical process control and flock information documents. With CFIA's help and guidance, and CFIA inspectors providing frequent audits, industry is phasing in the new HACCP-based system. CFIA trains and accredits industry trainers with CFIA verification, who in turn train and accredit industry personnel. Results have been excellent in two chicken establishments which have rigorously tested the system for at least a year. Five other pilot projects are in operation.

The three most common HACCP-based systems being adopted by Canadian industry are the Food Safety Enhancement Program (FSEP) for agri-food products; the Quality Management Program (QMP) for fish; and the Modernized Poultry Inspection Program (MPIP).

Some HACCP-based programs are mandatory in Canada. For example, QMP, which has recently been re-engineered to reflect current science and risk-based management techniques, is required in all federally registered fish processing plants. CFIA is currently working toward regulatory amendments that would result in mandatory FSEP in federally-registered meat processing plants. From CFIA's perspective, this will enhance consumer protection. From industry's perspective, recognition that they have a safety program based upon internationally recognized principles helps open markets for their products.

CFIA will continue to assist industry to individually tailor and refine their HACCP systems, provide recognition of HACCP systems and verify ongoing compliance. This will include completing the piloting of MPIP in poultry processing plants; testing MPIP in hen and turkey establishments; and working with the hog industry to apply HACCP principles to their processing. In addition, CFIA will continue to provide food safety related scientific and technical support for the Canadian On-Farm Food Safety Program.

1.3 Compliance with federal standards for food safety on domestic and imported products

CFIA's day-to-day activities involve verifying that domestic and imported food products are compliant with our acts, regulations and standards and therefore safe for consumers. Our front-line inspectors and veterinarians inspect and audit establishments and products. They are assisted in their work by experts who examine and test food samples for chemical, microbiological and physical hazards.

We will continue to verify that domestic producers, processors, distributors, and retailers are complying with federal regulations and to take enforcement action when appropriate. We will also continue to inspect imported food products, and in some instances, by special agreement, assess equivalency of foreign systems to Canadian standards.

In May 2000 the Bureau of Food Safety and Consumer Protection was created within CFIA. The Bureau consists of two programs: the Food Safety Investigations Program (the former Food Safety Inspection Program) and the Fair Labelling Practices Program (the former Manufactured and Retail Food Programs). The mandate for these programs includes investigating consumer and industry complaints, developing programs designed to encourage compliance with legislation and developing overall consumer protection policies for the Agency.

To help fulfil this mandate, the Food Safety Investigations Program is developing projects for the control of microbiological safety and nutritional quality of foods; control of allergens in foods; monitoring pesticide and veterinary drug residues and microbiological quality of food; and the provision of technical support to the Office of Food Safety and Recall. Some of the key initiatives of the Fair Labelling Practices Program include responding to enquiries regarding regulatory requirements and requests for voluntary label reviews, education seminars and activities for stakeholders, compliance audits, inspections and product sampling, and the use of appropriate enforcement actions. These programs will be managed using a risk-based approach to ensure efficient resource utilization. In addition, a Steering Committee and a number of science and technical committees will provide overall guidance and direction to the Bureau.

Honey

There are over 577,000 honeybee hives in Canada. Honey inspection is increasingly complex, not only because imitation honey products have become more available in world markets, but also because better laboratory techniques are making it possible to detect chemical and antibiotic residues in honey at much lower levels. Over the course of the next two years, CFIA will amend the honey products regulations to deal with emerging hazards and industry changes as well as to address international standards and codes.

CFIA inspectors will continue to focus their attention on where the risks are greatest – whether that be because of the risks inherent with certain commodities or because certain products or establishments have a history of non-compliance. For example, one of our priorities is to expand CFIA's capacity to monitor and test for fish-related pathogens such as

Vibrio parahemolyticus and monitor for marine biotoxins associated with shellfish. In addition to routine inspections, we will continue to carry out detailed investigations when violations are suspected and when we receive industry or consumer complaints.

With industry's increased adoption of HACCP principles, our inspectors' role will increasingly shift to that of safety auditor - establishing appropriate standards of protection and assessing the performance of industry's science-based, preventive food safety control processes. Training in new areas will provide field officers with the new information, skills and tools that they will require to carry out this function. Training will also be enhanced to keep staff abreast of new processing systems and technologies.

Our approaches to assessing compliance will continue to evolve. By March 2001, the Agency will pilot a common approach to assessing food establishments. CFIA is also launching a cross-commodity working group to standardize and harmonize, where feasible, a common approach to imports.

Recycled Materials in Food Containers

Just what can be used and for what?

The Agency, in consultation with Health Canada, will be developing a protocol for the use of recycled materials in food containers.

CFIA will also continue to work in cooperation with our partners to reduce the need for recalls. For example, we will continue to work with industry on the labelling of allergens. CFIA will continue to plan and deliver training for our inspectors who are involved in allergy-related investigations and develop allergy-prevention programs for manufacturers, importers and distributors.

CFIA will continue to work in international fora such as *CODEX Alimentarius* to influence the development of science-based international food safety standards. We will continue to rigorously negotiate and enforce international food agreements and protocols – which are essential to protect Canadians from unsafe food imports and to sell Canadian products abroad.

Finally, the Agency will continue to develop new enforcement strategies and policies and apply them in a fair, appropriate and consistent manner. CFIA's enforcement mechanisms include the power to detain or seize goods, condemn or destroy non-compliant products, recall products, and to prosecute those attempting to illegally sell foods.

1.4 Enhanced consumer awareness and knowledge of food safety issues and practices

CFIA is committed to supporting consumer education – providing consumers with information about safe food handling practices. With this goal in mind, we became a founding participant and the co-chair of the Canadian Partnership for Consumer Food Safety Education, a broad-based coalition of stakeholders with a common goal to prevent food-borne illness.

We will continue to actively support and work with the Partnership. This year the Partnership intends to develop a series of fact sheets to fill requests on demand and for posting on its web site; issue news releases tied to key food-related milestone dates, such as Thanksgiving and Christmas; and participate in fairs, exhibits and interviews. We have also helped develop, and will continue to support, the *Fight* BAC!™ program to educate consumers about food safety.

Quite apart from the Partnership, CFIA itself will continue to fully use the communication tools available us to promote food safety, including our Web site, trade shows and exhibitions and direct mailings. In particular, our Web site will be continually updated and made more interactive to encourage its use by consumers as a source of food safety information. Among other things, this will support the growing demand on our very important recall subscription service.

Mobilizing Students to Fight Bacteria in the Home

Launched in November, 1998, the *Fight*BAC™! campaign brings to Canadians four essential food safety messages: Cook, Clean, Separate and Chill. Last year, the Partnership took the messages into school rooms, introducing kindergarten to Grade 3 students to a germy puppet villain called BAC, and providing take-home material for parents as well — everything from refrigerator thermometers to fact sheets, stickers and bookmarks.

The goals for the coming two years are to take the food safety message to older children by helping the Partnership to develop educational programs for grades four to six and to continue efforts to make the Partnership web site more interactive.

FIGHT BAC!
BAC
Keep Food Safe From Bacteria

Consumer interest contributes to a better system

Growing consumer interest in food issues is helping CFIA build a better system for Canadians. Over the last two years, for example, CFIA, the organic industry and the Canadian General Standards Board consulted widely with a diverse group of Canadians to achieve agreement on the labelling of organic foods. Now, CFIA is using the same broad process to develop a labelling standard for foods derived from biotechnology. The goal: to provide consumers with the information they need to make informed choices. This landmark work in Canada supports our international work with the global standard-setting commission, *CODEX Alimentarius*.

1.5 Effective standards and activities to deter deceptive practices

The Agency will continue to protect consumers from unfair market practices by setting and enforcing standards related to the accuracy of product information appearing on both domestic and imported food products. Specifically, our inspectors and scientists will continue to verify that claims on labels are not false, misleading or deceptive. They will also verify that the foods meet Canada's requirements for quantity, composition and packaging.

CFIA inspectors will continue to target high-risk products and establishments. We analyze food products and inspect and audit industry control systems. CFIA's verification of food composition, for example, can include laboratory analysis to check the accuracy of ingredient lists and nutrition claims, to make sure that only approved food additives are used and that there has been no adulteration. When significant nutritional changes are made to an existing food product, or when there are components in foods that may cause allergic reactions or other health concerns, the foods must be labeled as such. When we find questionable practices or dubious information, we will investigate vigorously and, when appropriate, prosecute offenders.

We will work to enhance consumer awareness of product misrepresentation issues as well as maintain our consumer complaints information system. We will develop strategies to help prevent misrepresentation, such as the development of trade education seminars and materials. At the same time, we will continue to review, and adapt as appropriate, our enforcement strategies and tools. We will also coordinate our efforts with other agencies.

CFIA will continue to participate on international standards-setting bodies to develop and present the Canadian position on labelling issues. The Agency will also continue to work with the Canada/United States/Mexico working group addressing packaging and labelling issues.

1.6 Canadian food products meeting other governments' science-based food safety requirements and contributing to the development of jointly- agreed operational methods and procedures

Given the high standards of safety and quality in Canada's food production system, Canadian food products are imported by an increasing number of countries throughout the world, each with its own food safety system and requirements. CFIA will continue to negotiate and manage product-specific agreements and protocols with other countries with a view to ensuring that food safety standards are science-based and effectively adhered to in a manner which avoids unnecessarily disrupting trade. These agreements establish the sanitary standards for products to be traded internationally; pest or disease-free areas as well as effective testing and verification procedures; the conditions under which different national systems of inspection and certification can be treated as equivalent; and, bilateral programs of institutional and technical cooperation and assistance. CFIA prioritizes the negotiation of such technical agreements based on requests from Canadian stakeholders, as well as from foreign governments. We do this with the cooperation of Health Canada, Fisheries and Oceans Canada, Agriculture and Agri-food Canada, Canadian International Development Agency, and Foreign Affairs and International Trade Canada.

In addition to this network of bilateral agreements, CFIA, together with Health Canada, will continue to be active in promoting and developing science-based international food safety standards within the *CODEX Alimentarius* system of the United Nations' World Health Organisation (WHO) and Food and Agriculture Organisation (FAO).

2.0 ANIMAL HEALTH

Our Commitment: **Protection of the health of animals and prevention of the transmission of animal diseases to humans**

CFIA provides regulatory services with respect to animals. These activities include inspection, development of inspection policy and certification standards for international trade assessment, evaluation and verification, research and standard setting, investigations of misleading practices, registration and certification, risk assessment and enforcement.

Animal Health Programs

- Animal Health
- Feed

The following is a description of how CFIA will meet our commitment related to animal health.

2.1 Effective standards and enforcement approaches to control the entry into Canada and the domestic spread of regulated animal diseases

Controlling the entry of serious animal diseases into Canada is our first line of defence in protecting Canada's animal resource base, the environment and our economy. It is also an important means to protect human health. If Canadian standards are not met, CFIA will ensure that the products do not enter Canada or, in the case of animals, they are quarantined, returned to the country of origin or destroyed. Our staff will also continue to conduct intensive surveys to verify Canada's freedom from diseases such as pseudo rabies of swine, blue tongue and bovine spongiform encephalopathy ("Mad Cow Disease") of cattle and pullorum disease of poultry. CFIA will also pay special attention to the integrity of the health certification process, as it is critical to maintaining confidence and trust.

CFIA's disease control activities will also include the gathering of international disease intelligence, ongoing development of science-based import policies, and scanning for best practices worldwide. In addition, we will continue to work in international fora, such as the *Office International des Épizooties* (OIE), where advice is shared and information exchanged on how to eradicate the most serious diseases for animals.

In order to control the domestic spread of animal diseases, CFIA will continue to test animals, herds and flocks, investigate suspected disease outbreaks, conduct surveys and use our enforcement powers as required, including quarantine and destruction of diseased animals. If livestock is ordered destroyed, and the situation meets specified criteria, producers will continue to be able to seek compensation for lost livestock. This compensation policy is a key element in CFIA's control strategy, as it encourages rapid reporting by producers.

CFIA will also work increasingly with producers and other animal health professionals to promote on-farm disease prevention programs, increase awareness and encourage quality management practices such as mandatory livestock identification.

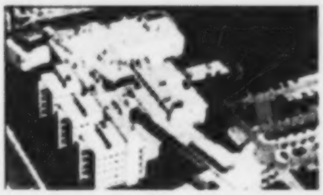
Controlling the domestic spread of regulated diseases will also be enhanced through our ongoing work ensuring that veterinary vaccines and diagnostic kits are safe and efficacious.

2.2 Effective control of the transmission of animal diseases to humans

Animals can be vehicles for disease-causing agents that affect humans, therefore it is critically important that the Agency carry out timely and effective surveillance, testing and control activities.

Several high-profile international developments have underscored the importance of being ever-vigilant of the need to control the transmission of animal diseases to humans. For example, the discovery of a possible link between bovine spongiform encephalopathy (BSE) in cattle and a new form of Creutzfeldt-Jakob disease (CJD) in young adults is frightening and prompted an international ban on British beef. While not at the same level of danger by any means, here in Canada the spread of racoon rabies was a serious concern. The Agency contributed laboratory expertise and testing to identify the disease and stop its spread from the United States into into southeastern Ontario. The Agency is committed to continuous vigilance, learning, and improvement based upon experience domestically and internationally.

Finding the Links: Winnipeg Centre Studies Human and Animal Diseases



The Canadian Science Centre for Human and Animal Health is the first facility in the world to accommodate both human and animal health facilities at the highest level of biocontainment under one roof. The Centre, recently opened in Winnipeg by CFIA and Health Canada, provides state-of-the-art research and diagnostic capability for critical, highly infectious diseases. This laboratory allows researchers to collaborate and work safely with the most serious diseases affecting animals and humans.

2.3 Compliance of livestock feeds with federal standards for safety, efficacy and labelling

Safe feeds are important to both animal and human health. CFIA will continue to verify that livestock feed manufactured in, or imported into, Canada is safe, effective and labelled according to established standards.

We will do this by registering feeds before their release into the marketplace and by monitoring and testing for the presence of harmful residues, such as heavy metals, pesticides and drugs, which may contaminate feeds as part of the manufacturing process.

CFIA is developing a rendering risk management policy and will continue, along with some provinces, to verify that mandatory manufacturing controls, labelling requirements and records are being maintained to reduce the possibility that harmful diseases from rendered animals end up contaminating feeds.

The Agency will also continue to be an active member of the Association of American Feed Control Officials (AAFCO), a forum for feed regulatory officials, industry and other stakeholders.

Medicated Feeds: The Priority is Safety

The proposed new Medicated Feed Regulations will require the licensing of every medicated feed manufacturer in Canada, and will upgrade control measures throughout the system. These mandatory controls, once enacted and funded, will help ensure that veterinary medications in feeds are safely handled and properly used. A national registry of all licensed manufacturers, coupled with more stringent record keeping, will enable CFIA to trace back the ingredients of manufactured feeds to the feedlot or the farm. The end result will be safer, more effective animal health products.

2.4 Canadian animals and their products meeting other governments' science-based animal health requirements and contributing to the development of jointly agreed operational methods and procedures

Given the very healthy status of Canada`s animal stock, Canada is a choice source, for both food and breeding purposes, of animals and their products by an increasing number of countries throughout the world, each with its own animal health requirements. CFIA will continue to negotiate and manage product-specific agreements and protocols with other countries with a view to ensuring that animal health standards are science-based and effectively adhered to in a manner which avoids unnecessarily disrupting trade. These agreements establish the sanitary standards for animals and their products to be traded internationally; disease-free areas as well as effective testing and verification procedures; the the conditions under which different national systems of inspection and certification can be treated as equivalent; and, bilateral programs of institutional and technical cooperation and assistance. CFIA prioritizes the negotiation of such technical agreements based on requests from Canadian stakeholders, as well as from foreign governments. We do this with the cooperation of Health Canada, Agriculture and Agri-food Canada, Canadian International Development Agency, and Foreign Affairs and International Trade Canada. CFIA maintains and continuously updates documentation on other countries' animal health systems and requirements.

In addition to this network of bilateral agreements, CFIA will continue to be active in promoting and developing science-based international animal health standards under the OIE in order to better protect the animal resource base in Canada and throughout the world.

3.0 PLANT PROTECTION

Our Commitment: **Protection of the plant resource base from regulated pests and diseases**

CFIA provides regulatory services to prevent the introduction and spread of diseases and pests that are regulated to plants and plant products, including Christmas trees, lumber and imported nursery stock. This involves the development of inspection and certification programs, policy, research, standard setting, inspections and enforcement, registration, investigations of misleading practices, certification and negotiation of international technical agreements.

Plant Protection Programs

- Plant Protection
- Seed
- Fertilizer

The following provides a description of how we will meet our commitment related to plant protection.

3.1 Effective standards and enforcement approaches to control the entry into Canada and domestic spread of regulated plant diseases and pests

CFIA will continue to develop, maintain and implement import program procedures and policies as a means to control the entry into Canada of regulated plant diseases and pests. This includes activities such as inspection, testing and issuance of import permits for agricultural, forestry, biological and other plant commodities. CFIA will also continue to audit the systems of other countries as a means to protect our products from outside threats as well as to monitor international pest finds. The Agency hopes to better engage the public in protecting our plant resource base from foreign pests and diseases by establishing public education and awareness programs. CFIA will also continue to be on the lookout for pests and diseases of concern that might enter the country on material accompanying shipped products, such as pests in wooden packing materials or containers. The Agency will also continue to conduct rigorous national surveys to regularly verify Canada's freedom from regulated diseases and pests.

Discovery, rapid control and, as necessary, eradication is critical to controlling the domestic spread of regulated plant diseases and pests. The Agency will continue to conduct inspection activities, enforce domestic control standards and test and improve upon our mobilization and emergency response mechanisms. As a preventative measure, CFIA will continue to work with industry to assess and recognize their quality systems.

CFIA will also expand the Plant Health Early Warning System (PHEWS), which provides early detection of emerging pests. The Agency, along with our federal and provincial counterparts, will continue to conduct a national survey program that enables the Agency to detect new and incipient pest populations and respond quickly. The surveys will redefine the geographic limits of pest populations so that we can establish quarantine zones and pest-free areas. CFIA will also use this information to monitor plants moving from infected regions as a means to guard against the spread of regulated pests and diseases.

Our ability to effectively coordinate efforts with others is critical to our ability to effectively mitigate the spread of plant diseases and pests. We will therefore continue to pursue Memoranda of Understanding with provincial and municipal governments as well as with other federal departments and agencies such as the Canadian Grain Commission and the Canadian Forestry Service. CFIA will also implement a joint, multi-jurisdictional pest management committee.

The Agency will work to increase its risk assessment and risk management expertise through programs that will be expanded to detect new and exotic pests. We will also pursue continued relationships with the broader scientific community that specializes in plant protection, both in Canada and internationally.

CFIA will also keep close watch on new crop varieties produced in Canada. We will continue to conduct in-depth environmental safety assessments of organisms altered through biotechnology; they must be approved by our experts before they can be imported into Canada, tested in field trials, or commercialized.

The Agency will also continue to protect Canadian plant breeders by assigning "patent-style" protection to new crop varieties if it can be demonstrated that the variety under consideration is new, distinct, uniform and stable. This is in accordance with the *Plant Breeders' Rights Act*. A report with respect to the administration of the Act for the period of August 1, 1990 to August 1, 2000 will be prepared by CFIA.

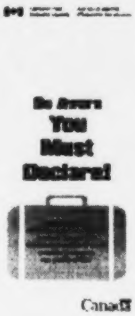
Seed Potatoes

CFIA is responsible for maintaining the standards for, and managing, the Canadian Seed Potato Certification program. Under this national program, CFIA inspection staff perform field inspections during the growing season, tuber inspections at harvest and during the shipping season, and issue shipping documents. This certification program acts as the minimum standard for domestic movement of seed potatoes into Canada as well as a basis for export certification.

3.2 Compliance of seed and fertilizer with federal standards for safety, product and process

CFIA oversees the regulation and inspection of seed imports, pedigreed seed production and certification of domestic and export seed. The Agency will continue to register seed establishments, operators and graders, inspect imports, and review labels for accuracy.

Don't Bring it Back!



Things as seemingly innocent as plant cuttings or soil on boots can have a devastating effect on Canadian - g rown products – they could inadvertently introduce diseases and pests into our country.

The Government of Canada has strengthened CFIA's ability to enforce the law by establishing the Administrative Monetary Penalties (AMPs) system. AMPs gives inspectors the ability to levy fines, rather than resorting to lengthy and costly court proceedings, against individuals or companies who bring restricted or prohibited items into the country. People bringing in prohibited items — individual travellers bringing in plant cuttings, for example — may be fined $100 to $400, and companies or individuals bringing in items for sale may be fined up to $6,000.

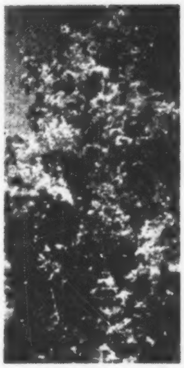
CFIA, with its Don't Bring it Back! campaign, will inform travellers about what they can and cannot bring into Canada, and what the repercussions might be should they choose to ignore the law.

The Agency will also continue to provide oversight of the Canadian Seed Institute - a verification body.

Fertilizers have a huge influence on crop productivity and can, if not managed properly, affect the health of Canada's crops and environment and, ultimately, consumers. The Agency will continue to monitor the safety of fertilizers for agricultural crops, as well as those for home and garden use. CFIA will also continue to monitor the effectiveness of fertilizers and verify that the claims on their labels are accurate. This will continue to be done through product inspection, monitoring and label verification and registration.

For both seeds and fertilizers, CFIA will continue to investigate suspected non-compliance and improve and use, where necessary, compliance and enforcement powers. CFIA will also continue to establish new standards and revise existing standards to enhance consistency of application as well as reflect the latest developments in science and technology. The Agency will also continue to actively participate in multi-lateral standard-setting for seeds and fertilizers.

3.3 Canadian plants and their products meeting other governments' science-based plant protection requirements and contributing to the development of jointly-agreed operational methods and procedures



Due to Canada's success in maintaining high standards of plant health and protection, many countries, each with its own regulatory system and requirements, import Canadian plant material for agricultural and other uses. CFIA will continue to negotiate and manage product-specific agreements and protocols with these countries with a view to ensuring that plant health standards are science-based and effectively adhered to in a manner which avoids unnecessarily disrupting trade. These agreements establish the phytosanitary standards for plants and their products to be traded internationally; pest or disease-free areas as well as effective testing and verification procedures; the conditions under which different national systems of inspection and certification can be treated as equivalent; and bilateral programs of institutional and technical cooperation and assistance. CFIA prioritizes the negotiation of such technical agreements based on requests from Canadian stakeholders, as well as from foreign governments. We do this with the cooperation of Agriculture and Agri-food Canada, the Canadian Forestry Service, Canadian International Development Agency, and Foreign Affairs and International Trade Canada.

In addition to this network of bilateral agreements, CFIA is active in promoting and developing science-based international plant health standards under the FAO's International Plant Protection Convention (IPPC) and its regional body, the North American Plant Protection Organisation (NAPPO). Through building a stringent, science-based international system, the plant resource base will be better protected, both in Canada and throughout the world.

4.0 Crosscutting Initiatives

There are a number of issues and initiatives that are of high priority to CFIA that do not fall exclusively within one of our three primary areas of focus – food, animal health and plant protection – but are important to all three areas. The following is a description of our plans with regard to these crosscutting initiatives.

4.1 Modernizing legislation and regulations

Since CFIA was founded in 1997, legislative renewal has been a priority – it was necessary to harmonize the acts and regulations of the four founding departments to the extent possible. Strong acts and regulations form the backbone of the Agency's programs.

Health Canada and the Agency jointly conducted a series of consultations in 1997-1998 to assess the adequacy of the legislation under which they jointly operate. The consultations pointed to the need for a comprehensive review which, two years later, resulted in the proposed *Canada Food Safety and Inspection Act*. The proposed act consolidates and modernizes a number of federal statutes related to food agricultural products, aquatic commodities and agricultural inputs, such as feed, seed and fertilizer. If enacted, it will strengthen CFIA's enforcement authority and allow the Agency to more effectively deal with issues such as food tampering, emergency food orders and import control. It will be the most wide-ranging change of Canada's food and agriculture-related legislation in decades.

4.2 Improving science and technology capacity

Sound science is the basis of CFIA's program design. Without it, we could not be effective in what we do. The Agency's continued scientific credibility at home and abroad rests on its ability to provide expert services. The Agency recognizes that to maintain its credibility in domestic and world markets it must ensure that science and science-based approaches are sound and strong. CFIA has established a Science Evaluation Unit and science committees to strengthen linkages between policy and science advice in decision-making. These committees will be instrumental in fulfilling the needs highlighted in Canada's science strategies, which include placing a high priority on training and responsiveness; developing state-of-the-art laboratories; and taking best advantage of opportunities emerging in the science and technology sectors.

Sound scientific practice also forms the basis of CFIA's program delivery. As well as providing science advice, scientists in CFIA's laboratories test and analyze samples collected by CFIA inspectors from food, plants and animals. They also perform research in support of Agency programs. CFIA is working toward accreditation to international standards (ISO) of all Agency laboratories.

Over the coming years, the Agency will align its existing science advice practices with those outlined in the federal report entitled, *A Framework for Science and Technology Advice: Principles and Guidelines for the Effective Use of Science and Technology Advice in Decision Making*. The Agency will also coordinate a strategic approach in response to the *Council of Scientific Advisors* (CSTA) report on *Building Excellence in Science and Technology* (BEST). Specifically, the Agency will work to implement and integrate the recommendations of the *Science Advice for Government Effectiveness* (SAGE) and BEST reports into our priority setting, decision making and practices for selected broad science reviews within the Agency.

Attracting bright minds to food safety regulation

> The Canadian Institute for Food Inspection and Regulation, launched in January 2000, represents a big step forward for Canada. The Institute has established a committee to identify priorities in regulatory research and the CFIA has established a Regulatory Chair to guide the program. This unique Institute is the result of a three-year agreement between the University of Guelph and CFIA.

The Agency will also identify areas, new and emerging, which require more skilled staff and technological support. Coupled with this will be an expanded training strategy.

CFIA also intends to strengthen its already considerable outreach to the larger scientific community, to develop its capabilities to anticipate issues and research priorities, and deal with them collaboratively as often as possible. The Agency plans to expand national and international consultations, and will develop a formal framework to maximize information sharing, using networking and informatics technology, for example.

The Agency will also expand research collaboration. CFIA will build on relationships that are already well begun, such as its collaboration with the Canadian Grain Commission on biotechnology activities, our agreement with the University of Guelph to establish programs under the newly created Canadian Institute for Food Inspection and Regulation, and our joint operation with Health Canada of the Canadian Science Centre for Human and Animal Health in Winnipeg. As well, the Agency intends to aggressively pursue new partnering arrangements. To set the stage, we will prepare a strategic document outlining approaches, establish a working group, short-list promising parties, and conduct a partnering development review annually, beginning April 2001.

4.3 Addressing biotechnology issues

Today, a new generation of biotechnology products is emerging throughout the world. The challenges of regulating these products and addressing public concerns confronts every nation.

In its 2000 budget, the Government of Canada strengthened its commitment to health, safety and the environment by announcing an additional investment of $90 million over three years for federal departments and agencies regulating biotechnology. CFIA is entrusted with $29.8 million of that, to enhance and evolve the Agency's "safety first" regulatory approach.

CFIA scientists, supported by specialized expertise within and outside the Agency, will continue to conduct in-depth environmental safety assessments of all organisms altered through biotechnology.

The Agency has established a Labs Directorate Technology Team for surveillance of new technologies and for identification of potential research projects and business opportunities for regulation of biotechnology.

As part of its Agency-wide thrust to prepare for emerging regulatory challenges, CFIA's Biotechnology Task Force Committee will enhance the Agency's ability to deal with new products and develop new regulations and enforcement methods. CFIA will clarify testing requirements, and hire new highly skilled evaluators who will be trained to carry out safety assessments.

> **Expert scientific panel focuses on the future**
>
> Several federal departments and agencies, working together, established an arm's-length expert scientific panel to forecast the future of food biotechnology over the next 10 years.
>
> The expert panel, which has the backing of the Royal Society of Canada and the Canadian Biotechnology Advisory Committee, will advise CFIA, Environment Canada, Health Canada and Agriculture and Agri-Food Canada and other government

departments on the science capacity the federal government will need to ensure the safety of new food products.

> "*Canada's goal is to bring together some of the best minds in the country to give us their advice on what needs to be done so that we can continue to ensure that Canada's food supply remains one of the safest in the world.*"
>
> The Hon. Lyle Vanclief, P.C., M.P.
> Minister of Agriculture and Agri-Food

CFIA will supply training to regulators from other countries as well as continue to help develop international standards. The Agency is also examining the implications of the Cartagena Protocol on Biosafety, which deals with the movement of living, genetically modified organisms.

This safety focus will be accompanied by extensive outreach to Canadians. Together with other departments and agencies, CFIA will work to build public confidence in regulation of products derived from biotechnology by increasing the openness of its policy-setting process and making its regulatory decisions and safety assessment information more accessible.

4.4 Promoting environmental initiatives

Canada's ability to continue to produce safe food products over the long term rests largely on the health of Canada's plants and animals. CFIA continues to collaborate with other federal players influencing Canada's food sectors, developing strategies and environmental management plans that safeguard Canada's resources over the long term.

CFIA conducts comprehensive environmental assessments of products derived from biotechnology and such products as fertilizers, veterinary biologics, feeds and supplements that can make their way into the food chain. CFIA will be drafting new regulations on an ongoing basis, as necessary, to address control of contaminants in fertilizers, animal feeds and supplements.

We are also conscious of the environmental impacts of our resources. We will develop a comprehensive environmental management plan for the Agency which will include waste reduction and conservation of energy in operations. A toxic management plan will be completed by December 2000, and a revised environmental agenda for the Agency will be drafted over the next year.

4.5 Creating an integrated, science-based international regulatory framework

Canada is an active citizen in the global community - a community which is rapidly becoming more integrated. This has broad implications for how CFIA carries out its regulatory responsibilities related to food safety, animal health and plant protection. Canadian consumers have come to expect a much more varied array of food products over the entire year. These demands are met through the importation of an increasing variety of food from an ever expanding number of countries. At the same time, Canadian producers have succeeded in selling an increased variety of agricultural, fish and processed food products to an increasingly diversified set of foreign markets. Consumers in Canada, as well as in other countries, have developed an increased awareness of food safety and animal and plant health issues, with a resulting increase in expectations vis-a-vis their government's regulatory system. This is reflected in the increased prominence of food safety issues on the international policy and regulatory agenda - such as at the discussions of G-8 Leaders at their July 2000 meeting in Japan. We must also be able to ensure that international regulatory capacity can respond to the emergence of new technologies.

CFIA will continue to respond to all these trends, both domestically and on the international front. CFIA currently manages over 1500 product-specific bilateral agreements and protocols in the areas of food safety and animal and plant health. Apart from this network of bilateral agreements, there are a number of international and multilateral agreements related to food safety, animal health and plant protection, the environment and trade which together comprise the international regulatory framework within which CFIA operates. Our primary objective is to ensure that this framework, as it relates to the mandate of our organization, is strong, coherent and science-based and comprises a network of individual agreements which are mutually-reinforcing. To this end, CFIA, together with Health Canada, the Department of Foreign Affairs and International Trade and other government departments, will continue to actively participate in international fora such as: the United Nations' World Health Organization (WHO), the Food and Agriculture Organization (FAO) and the United Nations Environmental Program (UNEP); the *Office International des Epizooties* (OIE); the International Plant Protection Convention (IPPC); the Organization for Economic Co-operation and Development (OECD); the World Trade Organization (WTO); and, individual negotiations on the Biosafety Protocol, Asian-Pacific Economic Cooperation (APEC) and the Free Trade Area of the Americas (FTAA).

Joining forces: Toward a Canada-wide food inspection system

The Canadian Food Inspection System Implementation Group, comprised of representatives from over 30 federal, provincial and territorial agriculture, health, natural resources, environment and fisheries agencies, is working to develop harmonized food safety standards for use right across the country. The implementation group is drafting model regulations and code or interpretive guidelines for such commodities as meat, poultry, horticultural products and bottled water. Every sector of the industry and every law-making body is involved in ongoing consultations; the ensuing model regulations and code, once approved by CFISIG, will then be available and used by each jurisdiction when reviewing or drafting new legislation on food safety and inspection.

The targets for 2000–2002 include proceeding with the final consultations on the national meat and poultry regulations and code, the juice code, the common legislative base framework and good transportation practices for food. The CFISIG will also continue with the development of model regulations and code for bottled water, minimally processed vegetables and sprouts, and the HACCP Recognition Project. Finally, over the next two years, CFISIG will pursue ongoing work to forge co-operative inspection arrangements with the provinces and territories.

4.6 Engaging others

Working effectively with others is essential to our ability to effectively and efficiently deliver on our mandate. CFIA is committed to developing relationships and working closely with those who can assist us in better meeting our commitments to Canadians – domestic and foreign scientists, universities, industry, other government departments and agencies as well as consumers.

We will further refine our consultation framework and use it to help us gather the best intelligence available. We will also take advantage of new technology and enhanced communication tools to reach out to stakeholders and engage them. Effective engagement – positive engagement – is a winning strategy for the Agency and for all Canadians.

4.7 Effective communication

Effective communication is required to relay both preventative and emergency information to consumers, the media, Parliamentarians, industry, academics, international partners, unions and CFIA's own employees.

CFIA Corporate Communication Strategy - Year 2000 and Beyond

Key Elements:

- continue to be responsive to the Canadian public's need for information on key aspects of our mandate
- enhance CFIA's corporate image by developing additional corporate communications materials and tools aimed at all audiences, particularly consumers and public health organizations
- continue to work in partnership with the public and private sectors to promote safe handling practices
- enhance our internal communications for the benefit of all CFIA staff

CFIA is committed to developing and implementing communication strategies that will support emergency response by increasing the reach of food recalls and allergy alerts. We will also use effective communications as a means to contribute to prevention by developing public awareness and education products and by using a wide variety of vehicles to disseminate those products, including community papers, the web site, fairs and exhibits. CFIA also hopes to increase understanding of the science behind CFIA activities through the development and dissemination of articles done in partnership with the University of Guelph.

The Agency will also continue to take a lead role with the Canadian Partnership for Consumer Food Safety Education and use the Partnership as a means to disseminate key safety messages.

4.8 Sound human resource management

The greatest strength of the Canadian Food Inspection Agency is its people. The Agency is committed to creating a work environment in which its employees can excel. Over the next two years, we will continue to provide our workforce with policies, services and infrastructure to support our business initiatives and to contribute to individual professional growth.

Recruitment is an important priority. Almost half of CFIA's employees are 45 years of age or older and some 500 will be eligible to retire over the next three years. We will develop an innovative Agency-wide recruitment and retention strategy, coupled with comprehensive forecasting of staffing needs, to identify workforce trends and continue to design effective recruitment and retention programs.

Seventy percent of CFIA's workforce is in the professional, scientific or technical categories. This group is very important to our future. The Agency will continue to focus on developing future science capacity through initiatives such as the Memorandum of Understanding with Guelph University and the CFIA Student Internship program as well as undertaking joint activities with other science-based government and non-governmental organizations.

CFIA's Human Resource Strategy

- Retain qualified employees and attract new ones
- Maintain a qualified workforce
- Provide a supportive work environment

CFIA will invest in its people by supporting continuous learning and offering opportunities for career development. We will also focus on individual employees and their career progression by developing learning plans to strengthen the core competency base to meet technical and non-technical needs. The Agency will provide both managers and employees with the tools to develop individual learning plans and to identify and provide appropriate opportunities for learning.

CFIA's goal is to become an employer of choice, and, therefore, to be able to attract and retain highly qualified staff. We will work collaboratively with bargaining agents through collective bargaining and ongoing consultations to provide our employees with an attractive compensation and benefits package and to foster high employee productivity and morale. As an example of CFIA's endeavours to further underscore our values-based human resource management approach, a new job classification system is presently being developed. This new system encompasses all employment categories and is tailored to the business needs of CFIA.

CFIA will continue to focus on clear communication of work objectives as well as expected results and will emphasize accurate and timely performance feedback. Efforts to reward and recognize employee achievements will also continue to be a key Agency priority. To illustrate, the President's National Awards, instituted in 1999, honoured more than 80 employees for their outstanding performance.

Employment equity is also a key priority. CFIA's goal is to continue to provide a barrier-free and representative work environment where employment equity principles are part of the Agency's management practices and where where linguistic diversity is recognized and supported.

In addition to the above, the Agency is also committed to investing in renewing its human resource services, programs and information systems to ensure that these are flexible, efficient and integrated and aligned to the needs of the organization.

4.9 Sound information and financial management

CFIA is currently examining the 17 Agency national information systems and supporting infrastructure. The goals are to ensure that these systems fully meet the Agency's operational requirements, to identify areas requiring future development and to quantify the resource implications.

The Agency has placed a priority on making its service electronically available to stakeholders, including industry users. To this end, as funding becomes available, we will be actively participating in the government on-line initiative, with the goal of providing interactive government services on-line. Further, we currently make available a wide-range of information on regulations, standards and Agency activities. We plan to increase the amount and kinds of information available to the public and other stakeholders.

The Agency has also embraced the principles of modern comptrollership and is in the process of adopting the key elements of the Financial Information Strategy. Specifically, the Agency adopted an integrated financial/materiel system and will be reporting its financial results on an accrual basis, the accepted business norm. This will improve accountability for the Agency's assets and liabilities, as well as provide more accurate costing of its operations. The ultimate goal is better information to facilitate decision-making.

The move to modern comptrollership also includes the introduction of innovative practices such as national administrative service centres, an organizational and service delivery structure that was adopted in April, 1998. The gradual phasing in of this structure for the Agency's principal finance and administrative functions in centres across the country has and will allow the CFIA to reduce duplication and ultimately improve service delivery and management control.

Sound financial management also includes cost avoidance that leads to net savings for government, industry and, ultimately, consumers. For example, the grading of beef, which was traditionally done by the Agency and its predecessor, is a quality and marketing matter, not a safety issue. Accordingly, CFIA was able to hand over previously performed grading activities to a private not-for-profit organization that can provide the service at a reduced cost. CFIA will continue to explore means to avoid, reduce and eliminate costs for the Agency, industry and Canadians – but will do so in ways that do not diminish CFIA's ability to fulfil its mandate.

CONCLUSION

This document has outlined an ambitious next two years for the Canadian Food Inspection Agency. We have made commitments related to safe food, animal health and plant protection. We have made commitments on issues that cross all three of these main areas of business, such as biotechnology, science and engaging others. We believe that combined, these commitments will contribute to the quality of life of all Canadians and, ultimately, that is our goal. We will report on our progress against this plan in our next two annual reports.

For more information or additional copies of this publication, you can write to us or send a fax to the Canadian Food Inspection Agency office in your area.

Or you can visit our Web site at **www.cfia-acia.agr.ca**

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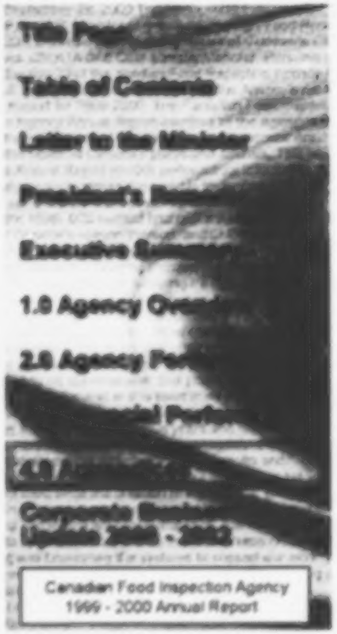
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4.0 Appendices

Appendix 1 – CFIA Objectives and Related Performance Information

This table provides a crosswalk between the objectives in the Corporate Business Plan for 1997-2000 and the Agency's new Performance Management Framework.

FORMER CFIA OBJECTIVES	To contribute to a safe food supply and accurate product information	To contribute to the continuing health of animals and plants for protection of the resource base	To facilitate trade in food, animals, plants and their products
Performance Accomplishments by current Strategic Priority			
Food Safety			
Emergency Management	✓		
HACCP (FSEP, MPIP and QMP Programs)	✓		✓
Consumer Food Safety Education	✓		
Meat Hygiene Program	✓		✓
Fresh Fruit and Vegetables	✓		✓
Processed Products	✓		✓
Honey Program	✓		✓
Animal Health			
Animal Health Program		✓	✓
Feed Program		✓	✓
Plant Protection			
Seed Program		✓	✓
Fertilizer Program		✓	✓
Agency-Wide Performance Accomplishments			
Laboratories and Laboratory Services	✓	✓	✓
Enforcement	✓	✓	✓
Biotechnology		✓	
Inspection Agreements	✓	✓	✓
Year 2000 Initiatives			
Human Resources Management			
Human Resources	✓	✓	✓
Consolidated Performance			
Sustainable Development Strategies	✓	✓	✓
Legislative/Regulatory Initiatives	✓	✓	✓
Administrative Monetary Penalty Regulations	✓	✓	✓
Plant Breeders' Rights		✓	✓
Cost Recovery		✓	

Appendix 2 – Proposed Three-Year Reporting Cycle[1]

PROGRAM/AREA	FREQUENCY OF REPORTING	1999-2000 ANNUAL REPORT	2000-2001 ANNUAL REPORT	2001-2002 ANNUAL REPORT
PROGRAM				
		Food Safety		
Meat Hygiene	annual	✓	✓	✓
Fish	biennial		✓	
Consumer Food Products	biennial		✓	
Fresh Fruits and Vegetables	biennial	✓		✓
Processed Products	biennial	✓		✓
Dairy	biennial		✓	
Egg	biennial		✓	
Retail Food	triennial			✓
Honey	triennial	✓		
		Animal Health		
Animal Health	biennial	✓		✓
Feed	triennial	✓		
		Plant Protection		
Plant Protection	biennial		✓	
Seed	triennial	✓		
Fertilizer	triennial	✓		
AREA				
Human Resource Management	annual	✓	✓	✓
Level of Resources by Program	annual	✓	✓	✓
Enforcement Information	annual	✓	✓	✓
Food Recall/Emergency Management	annual	✓	✓	✓
Plant Breeders' Rights	annual	✓	✓	✓
Laboratories and Laboratory services	annual	✓	✓	✓

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[1] Currently under review given recent changes to the Agency's reporting structure.

Appendix 3 – Full-Time Equivalents and Expenditures of Inspection Programs for 1998–1999 (Accrual Based)

PROGRAM	FTEs[2]	% OF TOTAL FTEs	EXPENDITURE ($'000)	% OF TOTAL EXPENDITURES
		Food Safety		
Meat Hygiene	1,525	35.8	117,484	31.4
Fish	444	10.4	40,692	10.9
Consumer Food Products	255	6.0	22,471	6.0
Fresh Fruits and Vegetables	192	4.5	17,072	4.5
Processed Products	109	2.5	9,340	2.5
Dairy	101	2.4	8,444	2.2
Egg	88	2.1	7,682	2.0
Retail Food	79	1.8	6,121	1.6
Honey[3]	See below	See below	See below	See below
Sub-total Food Safety	**2,793**	**65.5**	**229,306**	**61.1**
		Animal Health		
Animal Health	797	18.7	87,156	23.3
Feed	68	1.6	5,466	1.5
Sub-total Animal Health	**865**	**20.3**	**92,622**	**24.8**
		Plant Protection		
Plant Protection	451	10.6	41,444	11.1
Seed	133	3.1	9,842	2.6
Fertilizer	20	0.5	1,503	0.4
Sub-total Plant Protection	**604**	**14.2**	**52,789**	**14.1**
Total by Business Line	**4,262**	**100**	**374,717**	**100**

[2] Full-time equivalent (FTE) means a calculation that factors out the length of time an employee works each week. For example, if the scheduled hours of work were the same as the assigned hours of work and both had values of more than 30, the employee is deemed to be full-time. Where the assigned hours of work are less than the scheduled hours of work, the employee is working part-time. The full-time equivalent (or the portion of a full-time schedule worked by the part-time employee) is the ratio of the assigned hours of work to the scheduled hours of work.

[3] Costs and FTEs associated with this program have been included in the Processed Products Program.

Appendix 4 – Full-Time Equivalents and Expenditures of Inspection Programs for 1999–2000 (Accrual Based)

PROGRAM	FTEs[4]	% OF TOTAL FTEs	EXPENDITURES ($'000)	% OF TOTAL EXPENDITURES
Food Safety				
Meat Hygiene	1,736	39.3	162,916	39.1
Fish	467	10.6	43,906	10.5
Consumer Food Products	250	5.7	23,554	5.7
Fresh Fruits and Vegetables	204	4.6	18,971	4.6
Processed Products	93	2.1	8,658	2.1
Dairy	91	2.1	8,538	2.1
Egg	72	1.6	6,784	1.6
Retail Food	59	1.3	5,376	1.3
Honey[5]	See below	See below	See below	See below
Sub-total Food Safety	**2,972**	**67.3**	**278,703**	**67**
Animal Health				
Animal Health	738	16.7	71,209	17.1
Feed	62	1.4	5,882	1.4
Sub-total Animal Health	**800**	**18.1**	**77,091**	**18.5**
Plant Protection				
Plant Protection	478	10.8	44,683	10.7
Seed	151	3.4	14,184	3.4
Fertilizer	19	0.4	1,595	0.4
Sub-total Plant Protection	**648**	**14.6**	**60,462**	**14.5**
TOTAL BY BUSINESS LINE	4,420	100	416,256	100

[4] Full-time equivalent (FTE) means a calculation that factors out the length of time an employee works each week. For example, if the scheduled hours of work were the same as the assigned hours of work and both had values of more than 30, the employee is deemed to be full-time. Where the assigned hours of work are less than the scheduled hours of work, the employee is working part-time. The full-time equivalent (or the portion of a full-time schedule worked by the part-time employee) is the ratio of the assigned hours of work to the scheduled hours of work.

[5] Costs and FTEs associated with this program have been included in the Processed Products Program.

Appendix 5 – Laboratory Testing for 1998–1999 and 1999–2000

PROGRAM	1998-1999 # TESTS ('000)	1998-1999 % OF TOTAL TESTS	1998-1999 % OF TOTAL TIME	1999-2000 # TESTS ('000)	1999-2000 % OF TOTAL TESTS	1999-2000 % OF TOTAL TIME
Food Safety						
Meat Hygene	11.7	1.7	6.2	24.9[6]	4.6	11.6
Fish	13.6	2.0	17.5	14.2	2.6	16.6
Consumer Food Products	6.7	1.0	13.0	10.4[7]	1.9	19.0
Fresh Fruit and Vegetable	2.6	0.4	3.2	3.6	0.7	2.0
Processed Products	6.2	0.9	1.7	4.5	0.8	1.1
Dairy	9.7	1.4	3.5	8.0	1.5	3.3
Egg	6.9	1.0	2.5	5.3	1.0	2.0
Retail Foods	0.2	0.03	0.4	0.5	0.1	0.5
Honey	0.9	0.1	0.4	0.9	0.2	0.3
Sub Total Food Safety:	**58.5**	**8.5**	**48.4**	**72.3**	**13.4**	**56.4**
Animal Health						
Animal Health	567.7	83.2	31.8	410.5	76.0[8]	26.3
Feed	5.4	0.8	3.2	4.4	0.8	2.3
Sub Total Animal Health:	**573.1**	**84**	**35**	**414.9**	**76.8**	**28.6**
Plant Protection						
Plant Protection	33.7	5.0	12.0	35.9	6.7	10.6
Seed	15.9	2.3	4.2	15.6	2.9	4.0
Fertilizer	1.3	0.2	0.4	1.2	0.2	0.4
Sub Total Plant Protection:	**50.9**	**7.5**	**16.6**	**52.7**	**9.8**	**15.0**
TOTAL BY BUSINESS LINE:	**682.5**	**100**	**100**	**539.9**	**100**	**100**

[6] The number of sample increased due to changes in the reporting and additional samples for a survey. In addition to this private laboratories performed 25,000 tests under contract for the meat hygiene program

[7] Program and reporting changes. Increased consumer protection investigations

[8] Decreased brucellosis testing

Appendix 6 – CFIA User-Fee Revenues 1998–1999 and 1999–2000

PROGRAM	ACTUAL 1998–1999 ($'000)	% OF TOTAL	ACTUAL 1999–2000 ($'000)	% OF TOTAL
Food Safety				
Meat Hygiene	21,061	42.0	21,483	40.1
Fish	5,468	10.9	7,445	13.9
Consumer Food Products	14	–	–	–
Fresh Fruits and Vegetable	5,396	10.8	5,293	9.9
Processed Products	925	1.9	1,089	2.0
Dairy	987	2.0	901	1.7
Egg	1,026	2.0	1,529	2.9
Retail Food	–	–	–	–
Honey	56	0.1	–	–
Total Food Safety	**34,933**	**69.7**	**37,740**	**70.5**
Animal Health				
Animal Health	6,155	12.3	7,402	13.8
Feed	300	0.6	168	0.3
Total Animal Health	**6,455**	**12.9**	**7,570**	**14.1**
Plant Protection				
Plant Protection	4,719	9.5	4,936	9.2
Seed	3,563	7.1	3,234	6.0
Fertilizer	113	0.2	112	0.2
Total Plant Protection	**8,395**	**16.8**	**8,282**	**15.4**
Miscellaneous	305	0.6	1	–
TOTAL USER FEE REVENUES	**50,088**	**100**	**53,593**	**100**

Appendix 7 – A Note on Compliance

In many cases, in presenting the Agency's performance information, we have provided rates of compliance for products and establishments. The following information serves as a general guide for understanding the compliance rates for the applicable programs contained in the report.

Food Safety

The Agency is responsible for enforcing federal legislation related to food safety and is guided by policies and standards set by Health Canada. Compliance rates are one outcome measure that we track to assess food safety.

COMPLIANCE	**PROCESSED PRODUCTS**	**HONEY**	**FRESH FRUITS AND VEGETABLES**	**MEAT HYGIENE**
Product	Samples meet minimum requirements under the *Canada Agricultural Products Act* and Regulations, *Food and Drug Act* and Regulations and *Consumer Packaging and Labelling Act* and Regulations for product contamination, pesticide residues, heavy metals, microbial risks, labelling, container integrity, grade, product identity, and harmful extraneous material*.	Samples meet minimum requirements under the *Canada Agricultural Products Act* and Regulations, *Food and Drug Act* and Regulations and *Consumer Packaging and Labelling Act* and Regulations for product contamination, microbial risks, pesticide residues, heavy metals, labelling, container integrity and harmful extraneous material*.	Samples do not exceed maximum tolerance levels for chemical residues established under the *Food and Drug Act* and Regulations* Microbial compliance determined by Human Health Risk Evaluations carried out by Health Canada*. Non-health and safety meet the requirements established under the *Canada Agricultural Product Act* (Fresh Fruit and Vegetables Regulations)**.	Product meets regulatory requirements for formulation, labelling, microbial contamination, process, heavy metals, chemical residues*
Establishments	All applicable requirements met within established tolerance levels. The conditions at the time of inspection*** were adequate for production, packaging and storage of safe food products.	All applicable requirements met within established tolerance levels. The conditions at the time of inspection*** were adequate for production, packaging and storage.	Not applicable	Establishments meet regulatory requirements for safe construction, equipment, manufacturing, packaging, storage and sanitation***.

* Non-compliance may result in additional sampling and/or product detention, recall or enforcement action.

** CFIA services carried out by request. Products not meeting requirements are detained.

*** Compliance results reflect the conditions of the establishments at the time of inspection. The frequency of inspection is influenced by the compliance rating and the type of commodity (in the case processed products).

Animal Health and Plant Protection

In the area of Animal Health, the Agency inspects for compliance of livestock feeds with federal standards for safety, efficacy and labelling.